

LIBER 21518 PAGE 318
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 \$2.00 REMUNERATION
 06/21/2000 08:43:43 A.M. RECEIPT# 44965
 PAID RECORDED - OAKLAND COUNTY
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ISLAND LAKE OF NOVI COMMUNITY ASSOCIATION

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This Declaration of Covenants, Conditions and Restrictions of the Island Lake of Novi Community Association is made this 19th day of June, 2000, by TOLL MI II LIMITED PARTNERSHIP, a Michigan limited partnership whose address is 30840 Northwestern Highway, Suite 270, Farmington Hills, Michigan 48334 (hereinafter sometimes referred to as "Declarant").

RECITALS:

A. On February 9, 1998, the City of Novi and Harvest Land Company, L.L.C. entered into a certain Harvest Lake of Novi Residential Unit Development Agreement (the "Harvest Lake RUD Agreement") constituting land situated in the City of Novi as the "Harvest Lake of Novi Residential Unit Development" pursuant to the provisions of Section 2404 of the City of Novi Zoning Ordinance. The Harvest Lake RUD Agreement was recorded at Liber 18279, Pages 716 through 855, both inclusive, Oakland County Records. The Harvest Lake RUD Agreement was amended by a Harvest Lake of Novi First Amendment of Residential Unit Development Agreement (the "Harvest Lake of Novi First Amendment of RUD Agreement") dated as of July 22, 1999, and recorded at Liber 20818, Pages 15 through 40, both inclusive, Oakland County Records.

B. Declarant is the fee simple owner of a parcel of real property situated in the City of Novi, Oakland County, Michigan and described in the attached Exhibit "A", said parcel being hereinafter referred to as the "Island Lake of Novi Community" or the "Community". Declarant has also acquired fee simple title to additional real property situated in the City of Novi, Oakland County, Michigan, and legally described in the attached Exhibit "B" (the "Additional Land"). The Island Lake of Novi Community, together with the Additional Land, comprise the "Island Lake of Novi Residential Unit Development" (the "Island Lake of Novi RUD"). The Island Lake of Novi RUD is subject to the Harvest Lake RUD Agreement, as amended, and was formerly known as the "Harvest Lake of Novi Residential Unit Development" until Declarant changed the name of the development with the approval of the City of Novi as permitted by paragraph 2 of the Harvest Lake of Novi First Amendment of RUD Agreement. JEP
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C. Pursuant to the Harvest Lake RUD Agreement, as amended, the land included in the Island Lake of Novi RUD is to be developed as one or more platted subdivisions and/or residential condominium developments clustered around a lake located north of Ten Mile Road between Wixom Road and Napier Road. The Harvest Lake RUD Agreement, as amended, requires that the documents prepared and recorded to establish the platted subdivision(s) and

condominium development(s) within the Island Lake of Novi RUD provide for the establishment of respective homeowners' associations and condominium associations for the administration of the common facilities and amenities constructed within the residential developments established within the Island Lake of Novi RUD. According to the Harvest Lake RUD Agreement, as amended, such associations must be authorized to (i) maintain, repair, and replace common facilities and amenities; (ii) carry insurance with respect to such facilities and (iii) fund the cost of those activities by imposing and collecting assessments from the respective members of the associations. The Harvest Lake RUD Agreement, as amended, further provides that Declarant may establish a parent or master association that includes the members of the respective homeowners and condominium associations if the Declarant determines that a parent or master association would facilitate resolution of concerns common to all of the residents of the Island Lake of Novi RUD.

D. Declarant has determined that certain facilities installed or constructed within the Island Lake of Novi RUD should be administered, maintained, repaired and replaced by a parent or master association with the authority to impose and collect regular and special assessments to fund such activities.

E. Declarant desires to provide for the establishment of the master association and to subject the land included in the Island Lake of Novi Community with the recording of this Declaration to the authority of that association and certain restrictions, all in furtherance of the execution of the Island Lake of Novi RUD. Declarant also wishes to provide for the expansion of the Island Lake of Novi Community to include the Additional Land as specific plans are prepared and approved by the City of Novi for the development of portions of the Additional Land.

NOW, THEREFORE, Declarant hereby declares that the land described in the attached Exhibit "A" is hereby submitted to and incorporated into the Island Lake of Novi Community and the entire condominium established therein, including all units and common elements therein, shall be held, transferred, sold, conveyed, leased, used and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens (as amended from time to time), which shall run with the Island Lake of Novi Community and the entire condominium as may be established therein and all units and common element areas established within said condominium and with any and all portions of the Additional Land as are added to the Island Lake of Novi Community as provided herein. The following covenants, conditions, restrictions, easements, charges and liens (as amended from time to time) shall be binding upon and inure to the benefit of all parties having any right, title or interest in the Island Lake of Novi Community or any part or enlargement thereof, and to the benefit of the heirs, successors and assigns of such parties..

ARTICLE I **DEFINITIONS**

As used in this Declaration with initial capital letters, the following terms shall have the meaning ascribed thereto:

1. "Association" shall mean and refer to Island Lake of Novi Community Association, a Michigan non-profit corporation, having its principal office at 30840 Northwestern Highway, Suite 270, Farmington Hills, Michigan 48334.
2. "City" shall mean and refer to the City of Novi, Oakland County, Michigan.
3. "Condominium" shall mean any part of the Island Lake of Novi Community that is established as a condominium by the recording of a Master Deed and required exhibits thereto in conformance with the Michigan Condominium Act, Act 59 of the Public Acts of 1978, as amended (the "Condominium Act").
4. "Condominium Association" shall mean and refer to the association established to administer the common elements of such Condominium as may be established within the Island Lake of Novi Community as required by the Michigan Condominium Act, Act 59 of the Public Acts of 1978, as amended (the "Condominium Act").
5. "Condominium Unit" shall mean and refer to any numbered parcel of land or numbered part of a residential structure established and defined as a condominium unit within the Condominium as the term "Condominium" is defined immediately above. Pursuant to the Condominium Act, each Condominium Unit shall be defined and established in the Master Deed recorded to establish the Condominium in which the Condominium Unit is located.
6. "Constituent Association" shall mean and refer to any "Condominium Association" and any "Homeowners' Association" as defined in this Article.
7. "Declarant" shall mean and refer to Toll MI II Limited Partnership, a Michigan limited partnership, or any successor thereto, or any person to whom or which it may expressly assign any one or more of its rights, or delegate any of its authority hereunder, in each case by means of an appropriate document recorded with the Register of Deeds of Oakland County, Michigan, and, in each case, as the context may require.
8. "Homeowners' Association" shall mean and refer to the association established with respect to any Subdivision created within the Island Lake of Novi Community, as said community may be expanded, for the administration and maintenance of the common areas and affairs of such Subdivision.
9. "Lot" shall mean and refer to any numbered parcel of land shown as such upon the recorded Plat of any Subdivision that may be established within the Island Lake of Novi Community.
10. "Member" shall mean and refer to those Persons entitled to membership in the Association, as provided in Article III of this Declaration.
11. "Occupant" shall mean and refer to any Person, holding under an Owner, and entitled by lease, deed, contract or other agreement to use and occupy a dwelling constructed upon a Lot or Condominium Unit or a dwelling comprising a Condominium Unit.

12. "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Lot or Condominium Unit, including, for such purpose, the land contract vendee, in regard to any Lot or Condominium Unit (rather than the land contract vendor), but not including any mortgagee unless and until such mortgagee shall have acquired such fee simple title pursuant to foreclosure, or any proceeding or conveyance in lieu of foreclosure.

13. "Person" shall mean and refer to any corporation, partnership, trust, association or natural person, or combination thereof, as the context may require.

14. "Site Condominium Unit" shall mean a Condominium Unit that comprises a building site for a detached, single-family residence.

15. "Subdivision" shall mean any part of the Island Lake of Novi Community that is established as a platted subdivision by the recording of a plat in conformance with the Land Division Act, Act 288 of the Public Acts of 1967, as amended.

ARTICLE II
ESTABLISHMENT OF ASSOCIATION;
ASSOCIATION'S AUTHORITY

1. On or before the date of recording of this Declaration, the Declarant shall establish the Association as a Michigan non-profit corporation by filing Articles of Incorporation for that entity with the Corporation Division of the Michigan Department of Consumer and Industry Services. The Association shall have the right and authority to repair, replace and maintain the following common facilities constructed or installed within the Island Lake of Novi Community or upon portions of the Additional Land that may be added to the Island Lake of Novi Community pursuant Article XX of this Declaration:

- (a) The landscaping and signage and such other improvements (such as fountains) as may be installed at the entryways from Wixom Road, Ten Mile Road and Napier Road into the Island Lake of Novi Community, as said Community may be expanded pursuant to this Declaration;¹
- (b) The sprinkler irrigation systems installed to support the landscaping installed at the aforesaid entryways described in paragraph (a) above;
- (c) The wetlands, wetland buffer areas and woodlands throughout the Island Lake of Novi Community, as said Community may be expanded, and the natural and landscaped areas maintained along the perimeters of the Island Lake of Novi Community, as said Community may be expanded; including, without limitation, such land as may be encumbered by conservation easements and such educational outlook as may be created or reserved by easement for the benefit of

¹ Said entryways include the portions of the general common element areas located within the condominium to be known as "Island Lake Vineyards at the junctions of Wixom Road and Island Lake Drive and Glenwood Drive.

the Novi Community School District within a portion of the preserved natural area within the Island Lake of Novi Community, as it may be expanded, in conformance with prior agreements regarding the development by the Novi Community School District of the land located at the northeast corner of Eleven Mile Road and Wixom Road;

- (d) Any roads constructed within the Island Lake of Novi Community, as it may be expanded, that are not accepted for dedication by the City of Novi and that are not included in the common elements or commonly owned or controlled improvements constructed within a Condominium or Subdivision to be maintained by the Constituent Association for such Condominium or Subdivision;
- (e) Any and all sidewalks, safety paths or nature trails that are installed or constructed within the Island Lake of Novi Community, as it may be expanded, that are not included in the common elements or commonly owned or controlled improvements to be maintained by a Constituent Association;
- (f) The storm water detention or retention ponds located and/or installed throughout the Island Lake of Novi Community, as said Community may be expanded; and
- (g) The open areas or park areas fronting on the lake ("Island Lake") located near the center of the Island Lake of Novi Residential Unit Development that is to be set aside for common use and enjoyment (the "Common Frontage Areas") pursuant to the Harvest Lake RUD Agreement, any islands located within Island Lake, and any and all facilities constructed on or adjacent to the Common Frontage Areas for the beneficial use of the Lake as permitted by the Harvest Lake RUD Agreement, including, without limitation, clubhouses, community buildings, marinas, fishing docks, boat slips and swimming platforms. The Common Frontage Areas shall not include any of the frontage on Island Lake that is included in a separate Condominium Unit or Lot.

The Association's right and authority to maintain, repair and replace areas shall apply to any and all portions of Lots or Site Condominium Units encumbered by a conservation easement as described in paragraph (c) above; provided, however, that the encumbrance of such portions of Lots or Site Condominium Units by a conservation easement shall not convert such areas to "common facilities" in the sense that the owners of such Lots or Site Condominium Units shall enjoy exclusive rights of ownership and possession over the encumbered portion of their Lot or Site Condominium Unit, subject to the terms and restrictions set forth in the conservation easement.

The Association's right and authority to maintain, repair and replace areas shall include any and all monitoring activities and/or obligations that may be assigned by Declarant to the Association with respect to wetland or wetland mitigation areas created within the Island Lake of Novi Community, as said Community may be expanded, pursuant to permits issued by the Michigan Department of Environmental Quality.

2. 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, repair or replacement of the common facilities described above. Such insurance may include, but is not 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) Insurance policies carried by the Association shall, if available without extraordinary premium charges, provide that:

- (1) Each Owner and each Constituent Association is an insured person under the policy with respect to liability arising out of his interest, if any, in the common facilities describe above or his membership in the Association.
- (2) The insurer waives its right to subrogation under the policy against any Owner or any member of such Owner's household or any Constituent Association.
- (3) No act or omission by any Owner or any Constituent Association or officer or director thereof, 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 an Owner or Constituent Association covering the same risk covered by the policy, the Association's policy provides primary insurance.
- (5) Insurance proceeds must be disbursed first for repairs or restoration of the damaged property, unless repair or replacement of the damaged property would be illegal under any state or local health or safety statute or ordinance.

(b) All premiums of insurance purchased by the Association pursuant to the authority provided in this Declaration shall be expenses of administration includable in the amounts assessed by the Association against the Owners.

(c) 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 Owners and their mortgagees, as their interests may appear; provided, however, that any and all such proceeds shall first be applied to the repair or reconstruction of the such common facilities described above as may be damaged.

3. Each Owner appoints the Association as his or her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance for all insurance for the Association and the common facilities to be maintained by the Association as described above. 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 Owners and the respective mortgagees of such Owners, as their interests may appear (subject to limiting or defining provisions of this Declaration), to execute

releases of liability and to execute all documents and to do all things on behalf of the Association and any of its members as shall be necessary to accomplish the foregoing.

4. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Owners with respect to the common facilities maintained by the Association as described above; provided that any such rule or regulation shall be consistent with the Harvest Lake RUD Agreement, as amended, and the City of Novi Zoning Ordinance. Copies of all such rules, regulations and amendments thereto shall be furnished to each Constituent Association for distribution to all of the Owners and Occupants.

5. The Association or its duly authorized agents shall have access to each Lot (but not any residence thereon) and the land included in any Condominium Unit from time to time, during reasonable working hours, upon notice to the Owner thereof, as may be necessary to carry out any responsibilities imposed on the Association by this Declaration. This provision, in and of itself, shall not be construed to permit access to the interiors of residences or other structures.

6. The Association and its duly authorized agents shall have easements to, over, under and across the common facilities described in paragraph 1 above and the land on which said facilities are located for access to such facilities and land to the extent reasonably necessary for the performance by the Association of its maintenance, repair and replacement obligations. The Association shall enjoy such easements to the extent the common facility and the land on which the facility is located has not been conveyed to the Association and the easements described herein shall apply to any and all common facilities located on or within such land as may have been included in a Condominium.

ARTICLE III **ASSOCIATION MEMBERSHIP**

1. The Declarant and each and every Constituent Association shall constitute the Members of the Association. Declarant shall retain control of the Association as the only Member entitled to vote on issues before the Association until such time as all of the Condominium Units and Lots that may be created within the Island Lake of Novi Community and on the Additional Land pursuant to the Harvest Lake RUD Agreement have been sold and have an Occupant residing on or in them; provided that Declarant may, at its sole discretion, elect to turn over control of the Association at an earlier time.

2. Subject to the provision set forth herein regarding control of the Association by Declarant, each Member of the Association shall have the right to cast a number of votes equal to the number of Condominium Units or Lots established within the Condominium or Subdivision administered by the Member (or Constituent Association) on all matters brought before the Members and the votes of each Member shall be cast by a duly elected representative of the Member (or Constituent Association); provided that the representative casting votes on behalf of a Member shall be identified as an authorized agent of the Member for that purpose in a duly adopted resolution by the Board of Directors of the Member filed with the Secretary of the Association.

ARTICLE IV
ASSOCIATION ASSESSMENTS

1. In order to pay the cost of carrying out its responsibilities hereunder, the Association may levy fees, dues or assessments on each Lot and Condominium Unit established within the Island Lake of Novi Community, except (subject to paragraph 2 below) Lots or Condominium Units owned by the Declarant, the Developer of a Condominium as the term "Developer" is defined in the Condominium Act, the Proprietor of a Subdivision as the term "Proprietor" is defined in the Land Division Act, or by a builder designated by a Developer or Proprietor ("Designated Builder"). All such fees, dues or assessments shall be charged equally to each Lot and Condominium Unit established within the Island Lake of Novi Community, as said Community may be expanded, and any and all such fees, dues or assessments may be enforced through any lawful means of collecting debts, including, without limitation, the recording and foreclosure of a lien as provided for in paragraph 2 of this Article IV. The fees, dues and assessments imposed pursuant to this Article IV shall be collected by the Constituent Associations and then paid over to the Association.

2. In no event shall the Declarant, a Developer, a Proprietor or a Designated Builder be obligated to pay fees, dues or assessments imposed by the Association with respect to a Lot or Unit before a certificate of occupancy has been issued for the residential dwelling on the Lot or on or comprising the Unit, unless required to do so by the Declarant.

3. All charges imposed against any Lot or Condominium Unit pursuant to the provisions of this Article IV and Article VI, paragraphs 5 and 6 with regarding Condominium and Subdivision Recreation Facility Assessments shall be the personal liability of the Owner(s) of the Lot(s) or Condominium Unit(s), and the Declarant or its successors or assigns, including the Association and the applicable Constituent Association, shall have the right to enforce collection for any and all expenses and costs incurred in connection with exercising the rights provided in the provisions of this Article IV by a suit at law for a money judgment or by foreclosure of a lien that secures payment of the assessment which the Association may record against the subject Lot or Condominium Unit. Each Owner in the Island Lake of Novi Community shall be deemed to have granted to the Declarant, his or her Constituent Association and the Association the unqualified right to assess and lien the subject Lot or Condominium Unit for costs incurred in connection with this Article IV and further to permit his or her Constituent Association or the Association the right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action or by advertisements, as the same may be amended from time to time, are incorporated herein by reference for the purpose of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Owner and every other person who from time to time has an interest in any Lot or Condominium Unit, shall be deemed to have authorized and empowered his or her Constituent Association, the Declarant or the Association to sell or cause to be sold the Lot or Condominium Unit with respect to which the outstanding obligation 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 Owner in the Island Lake of Novi Community acknowledges that at the time of acquiring title to such Lot or Condominium Unit, he or she was notified of the terms and conditions contained in this paragraph and that he or she voluntarily, intelligently and knowingly waived notice of any proceedings brought by his or her Constituent Association or the

Association to foreclose by advertisement the lien for nonpayment of any assessments and the waiver of a hearing on the same prior to the sale of the subject Lot or Condominium Unit. Notwithstanding the foregoing, neither 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 Owner(s) of the subject Lot(s) or Condominium Unit(s) at his, her or their last known address of a written notice that expenses have been incurred by the Association and are delinquent and that the Declarant, the Association or the applicable Constituent 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 applicable Constituent Association, the Association or the Declarant that sets forth (a) the affiant's capacity to make the affidavit, (b) the authority for the lien, (c) the amount outstanding (exclusive of interest, costs, attorney fees), (d) the legal description of the Lot(s) or Condominium Unit(s), and (e) the name(s) of the Owner. Such affidavit shall be recorded in the office of the Register of Deeds of Oakland County prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the applicable Constituent Association, the Association or the Declarant may take any and all remedial actions as may be available to it hereunder under Michigan law.

4. Any lien established pursuant to this Article IV shall have equal priority with any lien established with respect to delinquent charges or assessments due to a Homeowners Association or a Condominium Association as those terms are defined in Article I above. The Constituent Association or the Association shall be entitled to collect all reasonable expenses of collection, including actual attorney fees and costs. The Constituent Association or the Association may enforce its lien by recording appropriate instruments confirming the existence of the lien and foreclosing the lien by appropriate legal action. In such legal action, a court of competent jurisdiction shall be empowered to order a sale of the Lot or Condominium Unit subject to the lien in order to satisfy the lien. Any lien established pursuant to this Article IV shall be subordinate and junior to the lien of any first mortgage securing a loan for the acquisition or improvement of any Lot or Condominium Unit. Notwithstanding anything to the contrary contained herein, the sale or transfer of any Lot or Condominium Unit shall not affect the lien arising out of the failure to pay any fees, dues or assessments when due. All fees, dues or assessments which shall remain due and unpaid sixty (60) days after the date said charges become due and unpaid shall be subject to interest at the highest legal rate allowable as of the date said charges become due.

5. Failure by the Association or its Board of Directors or any Constituent Association or its Board of Directors to enforce any provision contained herein in any particular instance shall not be deemed a waiver of the right to do so as to any continuing, subsequent or other violation.

6. Each Constituent Association shall promptly pay over to the Association the amounts it collects for payment to the Association pursuant to this Article IV. If a Constituent Association fails to perform this obligation, the Association shall have the right to request and receive an accounting for the amounts collected by the delinquent Constituent Association and the right to direct that future payments of the amounts assessed against the Lots or Condominium Units included in the Condominium or Subdivision administered by the Association be paid directly by the Owners to the Association.

ARTICLE V
ASSOCIATION BYLAWS

Any sale or purchase of a Lot or Condominium Unit in the Island Lake of Novi Community shall be subject to the provisions set forth in Articles XI through XVII of this Declaration regarding the organization and administration of the Association and its affairs (the "Association ByLaws"), and each Owner agrees to abide by and observe such provisions. Declarant shall have the right to modify, amend or supplement the ByLaws, and so long as they are reasonable, any such modifications, amendments or supplements shall have retroactive effect to the date immediately preceding the date of this Declaration, until Declarant shall turn over control of the Association to the Constituent Associations. Once Declarant has turned over control of the Association to the Constituent Associations, the Association may amend or modify the Association ByLaws upon the affirmative vote of Members entitled to cast sixty-six and two-thirds percent (66-2/3%) of the total number of votes that may be cast, but such amendment or modification shall not have retroactive effect.

ARTICLE VI
RESTRICTIONS REGARDING COMMON FACILITIES AND
DEVELOPMENTS WITHIN THE ISLAND LAKE OF NOVI COMMUNITY;
RECREATION FACILITIES AND EASEMENTS

1. No immoral, improper, unlawful or offensive activity shall be carried on within or upon any of the common facilities (the "Common Facilities") identified in Article II, paragraph 1 above, that are subject to administration and maintenance by the Association nor shall anything be done within such areas which may be or become an annoyance or a nuisance to the Owners or Occupants of Lots or Condominium Units within the Island Lake of Novi Community. No unreasonably noisy activity shall occur in or on the Common Facilities at any time and disputes among Owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Owner or Occupant shall do or permit anything to be done or keep or permit to be kept within or on the Common Facilities anything that will increase the rate of insurance maintained by the Association. No Owner or Occupant shall install or maintain or cause or permit the installation or maintenance of any improvement, structure or thing of any sort upon or within a Common Facility in the absence of the prior, written approval of the Association. No Owner or Occupant shall create or maintenance any condition upon or within a Common Facility that might constitute a nuisance or interfere with or impede the development and marketing efforts of the Declarant or any Developer, Proprietor or builder with respect to any part of the Island Lake of Novi Community.

2. The Common Facilities shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind. In general, no activity shall be carried on nor condition maintained by an Owner or Occupant within or upon any Common Facility which is detrimental to the appearance of the Island Lake of Novi Community.

3. No parking shall be permitted on the primary road within the Island Lake of Novi Community, as it may be expanded, and no Owner or Occupant or any building contractor shall cause or permit dirt, mud or construction debris to be deposited upon any road within the Island Lake of Novi Community; provided that these restrictions shall not apply to the developing, construction and marketing activities of the Declarant or any Developer, Proprietor or Designated

Builder as those terms are defined in Article IV, paragraph 1 above. No inoperable vehicles of any type may be brought or stored upon any within the Island Lake of Novi Community, either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Island Lake of Novi Community, except while making deliveries or pickups in the normal course of business. Nothing in this provision shall prevent the inclusion of additional restrictions regarding the public or private roads installed within any Condominium in the Master Deed and ByLaws recorded to establish the Condominium.

4. No residential development of any type, including any Subdivision or Condominium, shall be established or constructed within the Island Lake of Novi Community unless and until plans and specifications for such development and the terms and conditions of the documents used to establish the development (including, but not limited to Master Deeds, Exhibits to Master Deeds, Plats and Declarations of Covenants) have been approved in writing by the Association through its Board of Directors. The Declarant, for as long as Declarant controls the Association, shall have complete discretion as to the reasonableness of the conditions imposed for such required approvals. Residential developments established within the Island Lake of Novi Community shall be developed in conformance with the terms and conditions of the Harvest Lake of RUD Agreement and the Area Plan described therein, all as amended by the Harvest Lake of Novi First Amendment of RUD Agreement and as the same may be further amended from time to time.

5. The documents used to establish a Condominium or Subdivision within the Island Lake of Novi Community shall contain adequate provisions for the maintenance, repair, replacement (to the extent applicable) and protection of all open areas and common facilities installed, constructed or maintained within such Condominium or Subdivision that are assigned to the preservation, care and maintenance of the Constituent Association for such Condominium or Subdivision. If a Constituent Association fails to properly preserve, maintain or repair an open area or common facility assigned to its care, the Association shall have the right, but not the obligation, to take corrective action to effect such preservation, maintenance and or repair and to charge the cost of such action to the Constituent Association and the Owners that comprise the membership of such Constituent Association. The Association may include an amount equal to fifteen percent of the direct cost of the corrective effort to cover its administrative costs and shall have the same rights and remedies with respect to collecting such amounts from the Constituent Associations and Owners as are provided in Article IV for the collection of other Association assessments. No corrective action shall be undertaken by the Association unless and until it has given written notice to the appropriate Constituent Association of its failure to properly preserve, maintain or repair an open area or common facility and the Constituent Association has failed to remedy the failure within fifteen (15) days of receipt of the notice or such longer time as may have been identified in the notice.

6. If the Association or any Constituent Association fails to properly preserve, maintain or repair an open area, common area or amenity that is assigned to its care by this Declaration or by the Master Deed or Declaration of Restrictions and Covenants pertaining to the development related to the Constituent Association, then the City shall have the right to serve written notice of the failure on the Association or Constituent Association as the case may be. The served notice shall describe the failure that is of concern to the City, shall demand that the failure be cured within thirty (30) days from the date of the notice or such longer time as may be provided in the notice, and shall identify a date and place of hearing regarding the substance

of the notice before the City Council of the City or such other board, body or official as may be identified for such purpose by the City Council of the City. The date of such hearing shall be within fourteen (14) days of the date of the aforesaid written notice. If the Association or the Constituent Association that has been served with notice fails to cure the deficiency described in the notice within the cure period identified in the notice or any extension thereof, the City shall have the right, but not the obligation, to cause the deficiency to be cured and to charge the cost of such corrective action to the Association or Constituent Association that has failed to perform its preservation or maintenance responsibilities and, on a prorata basis, to the Owners that comprise the membership of such association. (For purposes of this provision only, the Owners of all Condominium Units and Lots created within the Island Lake of Novi Community shall be deemed to be members of the Association.) The City shall have the right to determine how it will collect its reimbursement for amounts expended by the City pursuant to this provision. In addition to other methods of collection, the City shall have the right to place an assessment for a prorata share of the reimbursement amount on the City tax rolls against each Condominium Unit or Lot included in the Condominium or Subdivision managed by the defaulting association.

7. The Association, through its Board of Directors, shall operate, administer and maintain such boating and beach facilities as may be constructed or installed in, upon or adjacent to the Common Frontage Areas on Island Lake. The Association shall have the right and authority to adopt and enforce rules and regulations for the use of those facilities and for the construction, installation and maintenance of boat docks, boat slips and any other structures, temporary or permanent, upon the lake frontage included in any Condominium Units or Lots that may be established or created on land bordering upon Island Lake. Lakefront facilities installed and operated upon or adjacent to the Common Frontage Areas shall be available for use at reasonable times and under reasonable conditions to all Owners and their guests, tenants and invitees and easements providing for such use shall be reserved or established as the affected portions of the frontage around Island Lake are included in the Island Lake of Novi Community. Under no circumstances shall any watercraft be permitted or used upon Island Lake, except for watercraft propelled by electric motors, sails, oars or paddles. The Association shall maintain Island Lake in accordance with the Guidebook of Best Management Practices for Michigan Watersheds as published by the Michigan Department of Natural Resources Surface Water Quality Division.

8. For as long as any portion of the Island Lake of Novi RUD designated for development pursuant to the Harvest Lake RUD Agreement remains undeveloped, Declarant reserves the right to create easements over the Island Lake of Novi Community for vehicular and pedestrian ingress and egress to any and all portions of the Island Lake of Novi RUD and for the installation, maintenance, repair and replacement of any and all utilities required for the development of such areas (including, without limitation, above ground and below ground storm drainage facilities) in accordance with the terms of the Harvest Lake RUD Agreement; provided that the easements created pursuant to this reserved authority shall not obstruct or interfere with the development of any Condominium or Subdivision in accordance with approvals issued by the Declarant pursuant to paragraph 4 of this Article VI. The intent of this provision is to prevent any portion of the Island Lake of Novi RUD that is designated for development in the Harvest Lake RUD Agreement from being landlocked or deprived of utilities required for the development of that area.

**ARTICLE VII
AMENDMENT**

Declarant reserves the right by written instrument, signed, acknowledged and recorded with the Oakland County Register of Deeds, to modify, amend, restate, waive or repeal any or all of the provisions herein contained with respect to all or any particular Lot or Condominium Unit owned by Declarant or any affiliate of Declarant without the consent of any other party. For as long as Declarant is the only Member entitled to vote according to Article III above, Declarant further reserves the right to amend the provisions contained herein with respect to any and all areas included in the Island Lake of Novi Community and any areas subject to easements beneficial to the Island Lake of Novi Community to the extent necessary or desirable, in the sole discretion of the Declarant, to the development of the Island Lake of Novi Community as an attractive residential development area. Once all Lots and Condominium Units in the Island Lake of Novi Community have been sold by Declarant or its affiliates, the provisions set forth herein may be amended upon the affirmative vote of the Members entitled to cast sixty-six and two-thirds percent (66-2/3%) of the total number of votes that may be cast; provided, however, that the provisions of Article II, Paragraphs 1 and 2 and Articles IV and VIII may never be modified, amended or removed; except that Article II, Paragraphs 1 and 2 may be amended to broaden (but not reduce) the scope of functions carried out by the Association. Notwithstanding anything to the contrary stated herein, Article VI, paragraph 6 of this Declaration shall not be amended by any party without the prior written consent of the City of Novi, which consent shall not be unreasonably withheld.

**ARTICLE VIII
ASSIGNABILITY AND WAIVER**

Declarant may at any time or times assign or waive any or all of its rights or powers under this Declaration by recording a notice of same with the Oakland County Register of Deeds.

**ARTICLE IX
SEVERABILITY**

The voiding or invalidation of any one or more of the covenants, conditions or restrictions, or parts thereof, contained herein, by judgment or court order, shall in no way affect any of the remaining provisions, and all of said restriction shall remain totally and severally enforceable. All construction shall be in accordance with (a) these covenants, conditions and restrictions and (b) the Ordinances of the City as applied to the Island Lake of Novi Community by the terms and conditions of the above Harvest Lake RUD Agreement. Wherever a conflict shall exist, the more restrictive of the two shall apply.

**ARTICLE X
NOTICES**

Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the Person who or which appears as Owner on the records of the Association at the time of such mailing.

ARTICLE XI
VOTING

Voting by the Members of the Association shall be governed by Article III above and the following additional provisions:

1. All votes on matters affecting the Association shall be cast at regular or special meetings of the Members of the Association by a representative of each of the Members of the Association and such representative shall have been identified as an authorized agent of the Member he or she represents in a resolution by the Board of Directors of the Member filed with the Secretary of the Association. Said resolution shall set forth the name and address of the authorized agent. The number of votes that may be cast on behalf of each Member on each and every matter shall equal the number of Condominium Units or Lots established within the Condominium or Subdivision administered by the voting Member as described in Article III above.

2. For so long as Declarant retains control of the Association, the presence of the Declarant alone shall constitute a quorum for holding a meeting of the Members of the Association since Declarant shall comprise the only Member entitled to vote pursuant to Article III above. Once control of the Association has been turned over to the Constituent Associations, the presence in person or by proxy of a duly authorized agent of a majority of the Members other than the Declarant shall constitute a quorum for holding a meeting of the Members of the Association; provided that if a quorum is not in attendance at a duly convened annual or special meeting of the Association, the Members represented at the meeting shall have the right to adjourn the meeting to a time not less than 48 hours from the time the original meeting was called. The written votes of any duly authorized agent of a Member furnished at or prior to any duly called meeting at which meeting said agent 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 votes are cast.

3. Votes may be cast only in person or by a writing duly signed by the duly authorized agent of a Member 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.

4. A majority, except where otherwise provided herein, shall consist of more than 50% of the votes that may be cast by authorized agents of Members 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. Tie votes shall be decided by the President of the Association or such other officer of the Association as may preside over the meeting at which the vote is cast.

ARTICLE XII
MEETINGS

1. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the authorized agents of the Members 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 this Declaration or the laws of the State of Michigan.

2. An annual meeting of the Members of the Association shall be held within each calendar year at such reasonable time and place as shall be determined by the Board of Directors; provided, however, that for as long as the Declarant retains control of the Association, the requirement for an annual meeting may be satisfied by the filing of a written consent by the Declarant with the Secretary of the Association identifying the Directors elected by the Declarant to manage the affairs of the Association. After control of the Association has been transferred to the Constituent Associations, the requirement for an annual meeting may be satisfied by the filing of written consents by each Constituent Association with the Secretary of the Association identifying the Directors elected by each Constituent Association as provided in Article XIII below; provided that any one of the Constituent Associations may require that an actual meeting of the authorized agents of the Members (or Constituent Associations) be convened. At the annual meetings, each Member shall identify the Directors elected by that Member in accordance with Article XIII below. The Members may also transact at annual meetings such other business of the Association as may properly come before them.

3. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by more than one of the Members 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.

4. 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 Member, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the authorized agent of each Member at the address shown in the resolution required to be filed with the Association by Article XI, paragraph 1 above shall be deemed notice served. Any Member may, by written waiver of notice signed by a duly authorized agent of such Member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

5. If any meeting of Members cannot be held because a quorum is not in attendance, the Members who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called. The determination of whether a quorum is present shall be made in accordance with Article XI, paragraph 2 above.

6. 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) the identification of Directors elected by the respective Members pursuant to Article XIII below; (g) unfinished business; and (h) new business. Meetings of Members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this paragraph 6, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

7. Any action which may be taken at a meeting if the Members (except for the 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 paragraph 4 above 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.

8. 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.

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

ARTICLE XIII **BOARD OF DIRECTORS**

1. For so long as the Declarant retains control of the Association, the Declarant, as the sole voting Member of the Association, shall elect all of the members of the Board of Directors of the Association and said Board of Directors shall be comprised of such number of Directors as the Declarant deems necessary or reasonable in its sole discretion.

2. Four (4) months prior to the projected time for turning over control of the Association to the Constituent Associations, Declarant shall notify the Constituent Associations of the date upon which the Declarant expects to turn over control of the Association. During the four-month period after receipt of the aforesaid notice from the Declarant, each Constituent Association shall elect one (1) member of the Board of Directors of the Association. The entire membership of the Board of Directors shall be comprised of one Director elected by each Constituent Association. Each Member (or Constituent Association) shall notify the Association of the identity of the Director elected by it by filing a duly adopted resolution of the Constituent Association with the Secretary of the Association setting forth the name and address of the elected Director. After it turns control of the Association over to the Constituent Associations, the Declarant shall not have any further right to elect Directors of the Association.

3. The Directors elected by the Constituent Associations pursuant to paragraph 2 above shall continue to serve until the date of the second annual meeting to occur after they are elected unless they resign prior to that date or they are removed pursuant to paragraph 8 of this Article XIII. Upon receipt of notice of the aforesaid second annual meeting, each Constituent Association shall elect the Director it is entitled to elect pursuant to paragraph 2 of this Article and all such Directors shall serve for a period of two years or until successor Directors are elected, unless they first resign or are removed pursuant to paragraph 8 below.

4. 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 this Declaration or required hereby to be exercised and done by the Members of the Association.

5. In addition to the foregoing duties imposed herein 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 related to and to maintain the Common Facilities described in Article II, paragraph 1.

(b) To levy and collect the assessments described in Article IV above 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 Common Facilities and such other improvements as the Association may be required or authorized to operate or maintain.

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

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

(h) To make rules and regulations in accordance with Article II, paragraph 4 above.

(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 Common Facilities described in Article II and to delegate to such committees any functions or responsibilities which are not by law or this Declaration required to be performed by the Board.

(j) To take such actions and expend such sums as may be reasonably necessary to obtain and maintain a resort liquor license in connection with the operation of one or more of such community buildings or club houses as may be constructed within the Island Lake of Novi Community.

(k) To enforce the provisions of this Declaration.

6. The Board of Directors may employ for the Association a professional management agent (which may include the Declarant 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 paragraphs 4 and 5 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by this Declaration 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 Declarant or any affiliate of Declarant, in which the maximum term is greater than three years or which is not terminable by the Association upon 90 days written notice thereof to the other party.

7. Vacancies in the Board of Directors which occur after Declarant has conveyed control of the Association to the Constituent Associations caused by any reason shall be filled by the appointment of a replacement Director by the board of directors of the Constituent Association represented by the former Director. The Constituent Association appointing the replacement Director shall notify the Association of the identity of the replacement Director by filing a duly adopted resolution of the Constituent Association with the Secretary of the Association setting forth the name and address of the replacement Director it has appointed. Each person so appointed shall be a Director until a successor is elected as provided in paragraph 2 above. Vacancies among Directors elected by the Declarant shall be filled by the Declarant.

8. 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 Members entitled to cast seventy-five percent (75%) or more of the votes that may be cast at such meeting. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Any Director that is removed by a vote of the Members shall be replaced pursuant to the procedure provided in paragraph 7 above. The Declarant may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion.

9. The first meeting of a newly elected Board of Directors shall be held within 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.

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

11. Special meetings of the Board of Directors may be called by the President on three 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 Directors.

12. 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.

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

14. The actions of the any Board of Directors of the Association elected by the Declarant 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 this Declaration.

15. 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.

16. Notwithstanding any other provision in this Declaration, no Board of Directors of the Association shall commence any litigation against the Declarant unless and until commencement of the litigation has been approved by an affirmative vote of Members entitled to cast seventy-five (75%) percent or more of the votes that may be cast by all Members attained after a Special Meeting held specifically for the purpose of approving such action.

17. With respect to all matters acted upon by the Board of Directors, each Director shall be entitled to cast a number of votes equal to the number of Condominium Units or Lots established within the Condominium or Subdivision administered by the Constituent Association that appointed the Director. Tie votes shall be decided by the President of the Association, or in the absence of the President, by the next highest ranking officer of the Association as may preside over the meeting at which the votes are cast.

ARTICLE XIV OFFICERS

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

(a) 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) 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) 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) 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.

2. 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.

3. Upon an affirmative majority vote by 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.

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

ARTICLE XV
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 XVI
FINANCE

1. 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 Facilities any other expenses incurred by or on behalf of the Association. Such accounts and all other Association records shall be open for inspection by the Members and Owners and the mortgagees of Owners during reasonable working hours. The Association shall prepare and distribute to each Member and 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 Condominium Unit or Lot shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

2. 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.

3. 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 XVII
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 Directors 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 days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Members and 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 XVIII
REMEDIES FOR DEFAULT

Any default by an Owner or other Person shall entitle the Association or another Owner or Owners to the following relief; provided that the provisions of Article XIX shall supersede the provisions of this Article XVIII with respect to disputes between or among Members of the Association:

1. Failure to comply with any of the terms or provisions of this Declaration 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 Owner or Owners.

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

3. The violation of any of the provisions of this Declaration 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 Facilities Elements or any part of the Island Lake of Novi Community (but not into the interior of any dwelling or related garage), where reasonably necessary, and summarily remove and abate, at the expense of the Owner, Occupant or party in violation, any

structure, thing or condition existing or maintained contrary to the provisions of this Declaration. The Association shall have no liability to any party arising out of the exercise of its removal and abatement power authorized herein.

4. The Association shall have the right to impose fines upon the responsible party, including Owners and Occupants, for violations of any of the provisions of this Declaration; provided that any such fines shall only be imposed in accordance with procedures (including a schedule of fines) duly adopted by the Board of Directors and distributed to all Owners and Members at least twenty (20) days prior to the imposition of such fines.

5. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

6. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to this Declaration shall be deemed to be cumulative and the exercise of any one or more of them 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.

7. An Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of this Declaration. An Owner may maintain an action against any other Owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of this Declaration.

ARTICLE XIX **RESOLUTION OF DISPUTES**

1. All parties acquiring an interest in the Subdivisions and Condominiums developed within the Island Lake of Novi Community, as a condition of acquiring such interest, stipulate and agree that all questions, disputes or controversies arising between or among the Members of the Association shall be resolved exclusively in accordance with the following procedures:

First: The dispute will be submitted to mediation, with a single mediator to be jointly selected by the Constituent Associations that are in dispute. If the two sides cannot mutually agree on the selection of a single mediator within ten (10) days, each shall select one mediator; the two mediators will jointly select a third mediator who will mediate the dispute. The cost of mediation will be shared equally by each side to the dispute.

If the dispute is not resolved through mediation within sixty (60) days, the dispute will be submitted to binding arbitration to be conducted in Oakland County, Michigan in accordance with the rules of the American Arbitration Association. The parties to the dispute shall have ten days to reach unanimous consensus on a single arbitrator to resolve the dispute or controversy. If they cannot so agree, then each shall appoint one arbitrator and the two arbitrators so appointed shall select a third arbitrator within the following ten day period; the three arbitrators so selected shall act as a panel to consider and resolve the dispute or controversy. If the two arbitrators appointed cannot agree on a third arbitrator, then the American Arbitration Association shall

choose a third arbitrator. The decision of the sole arbitrator, or (if there shall be three arbitrators) of two of the three arbitrators, shall be final and binding on this Association and the disputing Member or Members. Unless otherwise agreed by the parties to such arbitration, all hearings shall be held by, and all written submissions shall be made to, the arbitrator or arbitrators within thirty (30) days following appointment of the arbitrator or arbitrators. The decision of the arbitrator or arbitrators shall be made within thirty (30) days following the later of the date of the last hearing or the date of the final submission by the parties to such arbitration. Any award or decision of the arbitrator or arbitrators may be enforced in any court of competent jurisdiction. The parties to the dispute shall each bear an equal share of the fees of the arbitrator or arbitrators, but shall bear their own respective expenses in connection with any arbitration pursuant hereto.

2. It is the express intent of the Declarant and this document that no lawsuits or other court proceedings be instituted or prosecuted by the Constituent Associations against one another or against the Declarant with regard to issues pertaining to the Association or the Island Lake of Novi Community. The Constituent Associations and their members hereby expressly waive their rights to institute or prosecute any lawsuits or other court proceedings against the Declarant or the other Constituent Associations with regard to issues pertaining to the Association or the Island Lake of Novi Community.

ARTICLE XX
EXPANSION OF THE ISLAND LAKE OF NOVI COMMUNITY

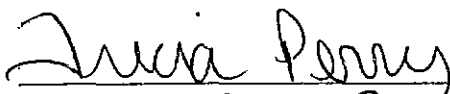
Declarant reserves the right to unilaterally amend this Declaration to revise the legal description of the Island Lake of Novi Community (and thus the land subject to the terms, conditions and restrictions set forth herein) to include any and all portions of the land included in the Island Lake of Novi RUD, said land comprising the Additional Land described in Exhibit "B". Declarant may amend this Declaration any number of times to add portions of the Island Lake of Novi RUD to the Island Lake of Novi Community. The only limitation on Declarant's right to add said land to the Island Lake of Novi Community is that Declarant's right to add land shall expire if and when the Island Lake of Novi RUD is terminated with the approval of the City Council of Novi pursuant to Section 2404 of the City of Novi Zoning Ordinance.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration of Covenants, Conditions and Restrictions on the date first above set forth.

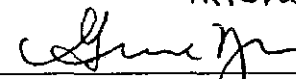
WITNESSES:

TOLL MI II LIMITED PARTNERSHIP, a Michigan limited partnership

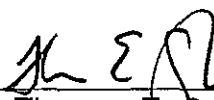
By: Toll MI GP Corp., a Michigan corporation,
General Partner



TRICIA PERRY



Grace Yu

By: 

Thomas E. Carnaghi
Its: Vice President

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me this 19th day of June, 2000, by Thomas E. Carnaghi, the Vice President of Toll MI GP Corp., a Michigan corporation, the General Partner of Toll MI II Limited Partnership, a Michigan limited partnership, on behalf of the limited partnership.

Tricia Perry
NOTARY PUBLIC
County of Oakland State of Michigan
My Commission Expires: 01/14/02

TRICIA PERRY
NOTARY PUBLIC - OAKLAND COUNTY, MI
MY COMMISSION EXP. 01/14/2002

THIS INSTRUMENT DRAFTED BY
AND WHEN RECORDED, RETURN TO:

Dean J. Gould, Esq.
George W. Day, Esq.
Jackier, Gould, Bean, Upfal & Eizelman
Second Floor, 121 West Long Lake Road
Bloomfield Hills, MI 48304-2719

GWD\condos\islandlk\mstrasso.dec
June 15, 2000