

ROLLING RIDGE I

EXHIBIT A BY-LAWS

ARTICLE I ASSOCIATION OF CO-OWNERS

Rolling Ridge I, a residential Condominium Project located in Genoa Township, Livingston County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These 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 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 Five Thousand (\$5,000.00) 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 Five Thousand (\$5,000.00) 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 (b) (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.

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. The Association may increase or assess such other reasonable automatic late charges or 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 assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

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 Project or any of the Common Facilities described in Article XIII of the Master Deed 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 Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions.

(c) Power of Sale. Further, each Co-owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this 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 Livingston 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 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. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, including the improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to Units owned by it on which a completed residential dwelling is located. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. 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 costs. A "completed residential dwelling" shall mean a residential dwelling with respect to which a temporary or final certificate of occupancy has been issued by Genoa Township. For purposes of this Section 7, the term "Developer" shall also include any successor developer so designated by Developer.

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. 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. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 12. Assessments for Common Facilities. If the condominium association or community association responsible for administering, operating, maintaining, repairing and replacing the Common Facilities described in Article XIII of the Master Deed elects to collect assessments charged to Co-owners pursuant to Article XIII of the Master Deed through the Association, such assessments shall be due and payable to the Association as part of the regular assessments provided for in Section 2 above. Any proper assessment in support of the Common Facilities that is not paid when due, whether collected through the Association or directly by the association responsible for administering the Common Facilities, shall constitute a lien on the Unit of the Co-owner who has failed to pay the assessment. The association authorized to collect the assessments imposed to support the Common Facilities, regardless of whether that entity is the Association or another association, shall be entitled to pursue any and all of the remedies provided in these Bylaws for the collection of regular and special assessments imposed by the Association, including, without limitation, the right to record notices of liens against the affected Unit and the right to foreclose such liens by advertisement and/or to commence judicial action for collection of the assessment.

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 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. Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, and common amenities and common areas which may be located outside of the Project; carry fire and extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion, but in no event less than \$500,000 per occurrence), officers' and directors' liability insurance, and workmen's compensation insurance, if applicable, and any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the General Common Elements and such insurance shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association, the Developer and the Co-owners and their mortgagees, as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners.

(b) Insurance of Common Elements. All General Common Elements of the Condominium Project and common amenities or common areas under the control of the Association, shall be insured against fire (if appropriate) and other perils covered by a standard extended coverage endorsement, if applicable and appropriate, 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. The Association shall not be responsible, in any way, for maintaining insurance with respect to Limited Common Elements, including the Limited Common Element Yard Areas and any improvements constructed or installed therein.

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

(d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

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

Section 3. Responsibility of Co-owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the building and all other improvements constructed or to be constructed within the perimeter of his Unit and the appurtenant Limited Common Element Yard Area and for his personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such

improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner shall deliver certificates of insurance to the Association not less than annually to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each Co-owner also shall be obligated to obtain insurance coverage for his personal liability for occurrences within the boundaries of his Unit and the appurtenant Limited Common Element Yard Area and the improvements located therein (naming the Association and the Developer as insureds), and also for any other personal insurance coverage that the Co-owner wishes to carry. The personal liability coverage obtained by the Co-owner shall also insure against liability for occurrences within the part of the public road right-of-way situated between the boundaries of the Limited Common Element Yard Area appurtenant to the Co-owner's Unit and the curb of the road in the public right-of-way. The insurance described in this Section 3 shall be carried in such minimum amounts as may be specified by the Developer (and thereafter by the Association) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer annually.

The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so. The Association may elect, however, through its Board of Directors, to undertake the responsibility for obtaining the insurance described in this Section 3, or any portion thereof, exclusive of insurance covering the contents located within a Co-owner's residence, and the cost of the insurance shall be included as an expense item in the Association budget. All Co-owners shall be notified of the Board's election to obtain the insurance at least sixty (60) days prior to its effective date which notification shall include a description of the coverage and the name and address of the insurer. Each Co-owner shall also be provided a certificate of insurance as soon as it is available from the insurer. Co-owners may obtain supplementary insurance but in no event shall any such insurance coverage undertaken by a Co-owner permit a Co-owner to withhold payment of the share of the Association assessment that relates to the equivalent insurance carried by the Association. The Association also shall not reimburse Co-owners for the cost of premiums resulting from the early cancellation of an insurance policy. To the extent a Co-owner does or permits anything to be done or kept on his Unit that will increase the rate of insurance 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 shall be charged to the Co-owner responsible for such activity or condition.

Section 4. Waiver of Right 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. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the Developer (and thereafter the Association). This Section 5 shall not, however, be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner.

ARTICLE V RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium Premises shall be damaged, 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 unless all of the Co-owners and all of the institutional holders of mortgages on any Unit in the Project unanimously agree to the contrary.

(b) Unit, Limited Common Element Yard Areas or Improvements Thereon. If the damaged property is a Unit, appurtenant Limited Common Element Yard Area or any improvements thereon, the Co-owner of the affected Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such Co-owner shall be responsible for any reconstruction or repair that he elects to make. The Co-owner shall in any event remove all debris and restore his Unit and the improvements thereon to a clean and slightly condition satisfactory to the Association and in accordance with the provisions of Article VI hereof as soon as reasonably possible following the occurrence of the damage. In the event that a Co-owner has failed to repair, restore, demolish or remove the improvements on the Co-owner's Unit or appurtenant Limited Common Element Yard Area under this Section, the Association shall have the right (but not the obligation) to undertake reasonable repair, restoration, demolition or removal and shall have the right to place a lien on the affected Unit for the amounts expended by the Association for that purpose which may be foreclosed as provided for in these Bylaws.

(c) Common Facilities. If one or more of the Common Facilities described in Article XIII of the Master Deed is damaged said facility shall be rebuilt or repaired unless seventy-five (75%) per cent of all persons entitled to vote on matters pertaining to said Common Facilities pursuant to the bylaws of the condominium or community association responsible for operating the Common Facilities vote to eliminate the Common Facilities. If the Common Facilities are eliminated, the cost of removing said facilities and clearing, grading and landscaping the site of the facilities shall be assessed on a pro rata basis against the Units or residences owned by all persons entitled to vote on the question of repairing or rebuilding the Common Facilities.

Section 2. Repair in Accordance with Master Deed, Etc. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for any damaged improvements located within the Unit unless the Co-owners shall unanimously decide otherwise.

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 General Common Elements adversely affects the appearance of the Project, 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, Limited Common Element Yard Area or Improvements Thereon. In the event of any taking of all or any portion of a Unit, the Limited Common Element Yard Area appurtenant thereto, or any improvements thereon by eminent domain, the award for such taking shall be paid to the Co-owner of the affected 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 General Common Elements. If there is any taking of any portion of the General 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) Taking of Common Facilities. If there is any taking of any portion of the Common Facilities described in Article XIII of the Master Deed, the condemnation proceeds relative to such taking shall be first applied to restoring the site of the taken Common Facility to a clean, attractive state and then any balance of such proceeds shall be paid on a pro rata basis to all of the owners required to support the Common Facilities

and their mortgagees. Said owners may by an affirmative majority vote taken by the condominium or community association responsible for operating the Common Facilities decide whether to rebuild, repair or replace the portion so taken or to take such other action as they may deem appropriate.

(d) 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 VI 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.

(e) 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.

(f) 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 or any of the Common Facilities.

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 residential purposes and construction of a Residence and other permitted Structures therein in conformance with the Condominium Documents. No Co-owner shall carry on any commercial activities anywhere on the premises of the Condominium. Notwithstanding the foregoing, Developer may conduct any of the activities expressly described in the Master Deed or its exhibits.

Section 2. Architectural Controls.

(a) Purpose of Architectural Controls. The Developer intends and desires that all Structures within the Condominium be architecturally harmonious and pleasing and that the design and location of such Structures take into account the preservation of trees and the natural environment of the Condominium. In order to insure that such goals are accomplished, the Developer shall, in its sole discretion, have the right to approve or disapprove the appearance, construction, materials, proposed location, design, specifications and any other attribute of any Structure.

(b) Prior Approval of Proposed Structures. Except as otherwise expressly provided herein, the Developer shall have exclusive jurisdiction over the rights of approval and enforcement set forth in the Condominium Documents. A Co-owner may only construct, install or place on a Unit (or appurtenant Limited Common Element Yard Area) those Structures that have been approved in writing by the Developer in the manner set forth herein. Developer may construct or authorize any improvements on a Unit (or appurtenant Limited Common Element Yard Area) that Developer, in its sole discretion, elects to make without the prior consent of the Association or any other person or entity, subject only to the express limitations in the Condominium Documents. Before constructing any Residence or making any exterior improvement, change, or elevation change upon any Unit (or appurtenant Limited Common Element Yard Area), a Co-owner shall receive the written approval of the Developer. No application for a building permit or any other governmental approval of construction shall be filed until written approval of the Developer is received. The Developer shall approve in advance the licensed residential builder engaged by the Co-owner to construct a Residence and any other improvements upon the Co-owner's Unit (or appurtenant Limited Common Element Yard Area). The Developer may require that such builder or Co-owner furnish to the Association adequate security, in the Developer's sole discretion, to protect the Association against costs and expenses it might incur in connection with the failure of the builder or Co-owner to complete construction in a timely and diligent manner in accordance with the approved plans and specifications for the Residence and other improvements. No Structure may be built, installed, or placed upon or in any Unit (or appurtenant Limited Common Element Yard Area) unless the Co-owner of such Unit has first obtained the Developer's written approval of the following documentation:

(i) Survey. A topographic survey of the Unit and appurtenant Limited Common Element Yard Area prepared and certified by a licensed engineer or architect showing existing and proposed grades, the location of all trees in excess of three (3") inches in diameter, and the proposed location of each Structure located or to be located upon the Unit and appurtenant Limited Common Element Yard Area.

(ii) Architectural Plans. Construction and architectural plans prepared and certified by a licensed engineer or architect including dimensioned floor plans, typical sections and all elevations for the Structure to be constructed upon or in the Unit.

(iii) Specifications. Specifications for each Structure prepared and certified by a licensed engineer or architect setting forth the type and quality of all materials and workmanship and including a detailed finish schedule for all exterior materials, products and finishes, with actual samples of all exterior materials.

(iv) Construction Schedule. A construction schedule specifying the commencement and completion dates of the construction of the Structures, as well as such other dates as the Developer may specify for completion of stages of the Structures.

A Co-owner shall submit two copies of the above specified documents to the Developer, and the Developer shall retain one copy of each document for its records. The Developer shall have thirty (30) days after receipt of all required plans and specifications to issue a written approval or denial. If the Developer fails to issue a written approval or denial of the plans and specifications within the 30-day period, then written approval will not be required and the plans and specifications shall be deemed to comply with this Section.

(c) Assignment of Developer's Approval Rights. Developer's rights under this Article VI, Section 2 may, in Developer's sole discretion, be assigned to the Association, a "Successor Developer" (as defined in Section 135 of the Act), or other successor to Developer. There shall be no surrender of this right prior to the issuance of certificates of occupancy of Residences in all of the Units in the Condominium, except in a written instrument in recordable form executed by Developer and specifically assigning to the Association or other successor(s) to Developer the rights of approval and enforcement set forth in this Section 2 of Article VI. From and after the date of such assignment or later expiration of Developer's exclusive powers, the Board of Directors of the Association shall exercise all such powers, and Developer shall have no further responsibilities with respect to any matters of approval or enforcement set forth herein.

Section 3. Building Restrictions. Except as otherwise permitted herein, no Structure may be constructed, installed or placed on a Unit and/or appurtenant Limited Common Element Yard Area, except for one detached Residence which shall not exceed the zoning ordinance height limitations of the Township of Genoa and which Residence shall include an attached two-

car garage and appropriate driveway and parking areas, subject further to the following restrictions:

(a) Minimum Residence Size. All Residences built in the Condominium shall contain the minimum square footage required at the time of construction by the Township of Genoa. In addition, each Residence shall contain, at a minimum, the following "livable floor areas":

(i) A one story Residence shall have a minimum livable floor area of 1,200 square feet.

(ii) A one and one-half story Residence shall have a minimum livable floor area of 1,400 square feet.

(iii) A two story Residence shall have a minimum livable floor area of 1,400 square feet.

As used herein, "livable floor area" shall be calculated by measuring from internal wall to internal wall, and shall exclude garages, patios, decks, open porches, terraces, basements, storage sheds and like areas even if attached to the Residence. Livable floor area shall include, however, enclosed porches if the roof of the porch forms an integral part of the Residence. Developer reserves the right, in its sole discretion, to increase the minimum livable floor area for all unbuilt Residences in the Condominium.

(b) Site Boundary Lines. In no event shall a Structure be placed, erected, installed or located on any Unit nearer to the front, side or rear Unit boundary lines than is permitted by the ordinances of the Township of Genoa at the time the Structure is built.

ALL RESIDENCES MUST BE CONSTRUCTED WHOLLY WITHIN THE BOUNDARIES OF THE UNITS AND NO ENCROACHMENTS INTO THE LIMITED COMMON ELEMENT YARD AREAS SHALL BE PERMITTED WITHOUT THE PRIOR WRITTEN APPROVAL OF THE DEVELOPER, THE ASSOCIATION, AND, IF REQUIRED BY LAW, GENOA TOWNSHIP.

(c) Completion of Construction and Landscaping. Construction of a Residence must commence within six (6) months after acquisition of a Unit, unless a different time period is approved by Developer, in its sole discretion. The exterior of all Residences and other Structures must be completed as soon as practical after construction has commenced, except where such completion is impossible or would result in great hardship to the owner or builder due to strikes, fires, national emergency or natural calamities. All Units shall be sodded and appropriately landscaped within 90 days of occupancy. If, however, occupancy of the Residence occurs after October 1, then the Unit shall be sodded and appropriately landscaped by June 1 of the following year.

(d) Garages. All garages shall be attached to the Residence. Developer shall have the sole and conclusive authority to determine whether a proposed garage design is attached to the Residence. Front entry garages will be permitted; provided, however, that front entry garages shall not extend more than two (2') feet beyond the front porch.

(e) Roofs. Flat roofs are prohibited.

(f) Driveways. All driveways shall be paved with concrete or asphalt and shall be completed prior to occupancy, if weather permits.

(g) Sidewalks. Each Co-owner, in conjunction with the construction of the Residence within his Unit, shall install a paved sidewalk within the road right-of-way adjoining the boundary of the Limited Common Element Yard Area appurtenant to his Unit in conformance with specifications to be provided by the Developer.

(h) Front Porches. A minimum of sixty (60%) percent of the Residences in the Condominium will be required to have front porches of a size not less than sixty (60) square feet (the "Extended Front Porches"). Nothing contained herein shall limit the construction of more than sixty (60%) percent of Extended Front Porches in the Condominium Project. All Extended Front Porches must be covered.

(i) Varied Front Elevations. No substantially similar front elevation in style and color of any Residence shall be duplicated on any Unit as follows: For residences on the same side of the street as the Residence, no substantially similar front elevation in style and color will be permitted within a distance of less than three residences on either side of the Residence. For residences across the street from the Residence, no substantially similar front elevation in style and color will be permitted directly across the street from the Residence or within one residence on either side thereof. The Developer may, in its sole discretion, waive this requirement, and any waiver shall not be construed as conferring upon any other Co-owner the right to a waiver of this restriction.

(j) Air Conditioners and Similar Equipment. No external air conditioning unit shall be placed in or attached to a window or wall in the front of any Residence. No external air conditioning unit shall be placed in or attached to any window or wall of any Residence without the prior written approval of the Board of Directors. No compressor or other component of a central air conditioning system (or similar system, such as a heat pump) shall be so located upon any Unit so as to be visible from the street on which such Unit fronts, and to the extent reasonably possible, all such external equipment shall be located on the Unit so as to minimize the negative impact thereof on any adjoining Unit in terms of noise and appearance. In general, such equipment shall be located only in the rear yard (not in any side yard area), within five (5') feet of the rear wall of the Residence.

(k) Tree Protection and Preservation. Trees located upon Units shall be preserved if required by any applicable ordinances of the Township of Genoa. In

addition, trees measuring six (6") inches or more in diameter at forty-two (42") inches above ground level may not be removed without the written approval of the Developer. Prior to commencement of construction, each Co-owner shall submit to the Developer a plan for the preservation of trees in connection with the construction process. The Co-owner shall not commence construction unless such plan is approved by the Developer. It shall be the responsibility of each Co-owner to maintain and preserve all large trees within his or her Unit, which responsibility includes welling trees, if necessary.

(l) Public Utilities. All public utilities such as water main, sanitary sewers, storm sewers, gas mains, electric and telephone local distribution lines, cable television lines, and all connections to same, either private or otherwise, shall be installed underground. However, above-ground transformers, pedestals and other above-ground electric and telephone utility installations and distribution systems and surface and off-site drainage channels and facilities, as well as street lighting stanchions shall be permitted.

(m) Public Utility and Drainage Easement Areas. Easements for the construction, installation and maintenance of public utilities, and for drainage facilities, are reserved as shown on the Condominium Subdivision Plan. Within all of the foregoing easements, unless the necessary approvals are obtained from the appropriate municipal authority and except for the paving necessary for each Residence's driveway, no Structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of such service facilities and utilities, including underground electrical and telephone local distribution systems, or which may change, obstruct or retard the flow or direction of water in and through drainage in the easements, nor shall any change which may obstruct or retard the flow of surface water or be detrimental to the property of others be made by the Co-owner in the finished grade of any Unit once established by the builder upon completion of construction of the Residence thereon. The easement area of each Unit and all improvements in it shall be maintained (in a presentable condition continuously) by the Co-owner, except for those improvements for which a public authority or utility company is responsible, and the Co-owner shall be liable for damage to service facilities and utilities thereon, including damage to electric, gas, and telephone distribution lines and facilities therein. Except as may be otherwise provided herein, each Co-owner shall maintain the surface area of easements within the Co-owner's Unit, to keep weeds out, to keep the area free of trash and debris, and to take such action as may be necessary to eliminate or minimize surface erosion.

Section 4. Activities. No noxious or offensive activity shall be performed upon any Unit, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the occupants or Co-owners's of other Units. 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 other Units in the Condominium. 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, Residence 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. Neither this Section 4 or any other provision of these Bylaws shall be deemed to prohibit or limit the easement reserved to the Developer and its designee for exploration for and the extraction of minerals from the land committed to the Condominium.

Section 5. Aesthetics. The Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in the Master Deed or in duly adopted rules and regulations of the Association. All rubbish, trash, garbage and other waste shall be regularly removed from each Unit and shall not be allowed to accumulate therein. Trash receptacles shall at all times be maintained inside each individual garage and shall not be permitted to remain elsewhere except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. It shall be the responsibility of each Co-owner to prevent the development of any unclean, unsightly or unkempt condition of buildings or grounds on the Co-owners's Unit. No lawn ornaments, sculptures or statues shall be placed or permitted to remain on any Unit without the prior written permission of the Board of Directors. No unsightly condition shall be maintained upon any courtyard, deck, patio or porch and only furniture and equipment consistent with ordinary courtyard, deck, patio or porch use shall be permitted to remain there during seasons when the same are reasonably in use and no furniture or equipment of any kind shall be stored on decks, patios or porches during seasons when the same are not reasonably in use. Neither the Unit nor the Limited Common Element Yard Area surrounding each Unit shall be used in any way for the drying, shaking, or airing of clothing or other fabrics. Except by the Developer so long as Developer owns and offers for sale at least one (1) Unit in the Condominium, no building materials, landscaping materials or firewood shall be stockpiled on any Unit or appurtenant Limited Common Element Yard Area. In general, no activity shall be carried on nor condition maintained by a Co-owner, either within a Unit or appurtenant Limited Common Element Yard Area or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 6. Animals or Pets. No animals or fowl (except household pets) shall be kept or maintained on any Unit at any time. 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 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.

Section 7. 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 so-called "Blazer"-type vehicles shall be parked or maintained on any Unit unless in a suitable private garage built in accordance with the restrictions set forth in the Condominium Documents. 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. Except for ingress and egress by emergency vehicles across the easement provided for that purpose across the General Common Element area between the Limited Common Element Yard Areas appurtenant to Units 13 and 14, the use of motorized vehicles of any kind in the open areas designated as General Common Element on the Condominium Subdivision Plan is expressly prohibited.

Section 8. Basketball Hoops and Play Areas. Basketball hoops and play areas are permitted subject to strict compliance with the following restrictions:

(a) No florescent or bright colors shall be permitted for either the post or the backboard of a basketball hoop. The ground mounted post shall be painted black and the backboard of the basketball hoop shall be clear.

(b) Any basketball hoop or backboard shall be located at the back or side of a Residence or garage and shall be appropriately screened by landscaping, all of which shall be subject to the Developer's prior approval, in its sole discretion, based on the location of the Unit.

Section 9. Signs, Advertising and Mailboxes. No commercial signs, except "for sale" signs of a normal and usual size, shape and material, shall be erected or maintained on any Unit or Limited Common Element Yard Area 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 size, color and content of such signs. All mailboxes, delivery receptacles and the like shall be of a standard color, size and style determined by the Board of Directors and shall be erected only in areas designated by the Board of Directors.

Section 10. Rules and Regulations. Reasonable regulations consistent with all laws and the Condominium Documents concerning the use of the Common Elements or the rights and responsibilities of the Co-owners and the Association with respect to the Condominium or the manner of operation of the Association and of the Condominium may be made and amended from time to time by any Board of Directors 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 11. Public Road Access Restriction. The sole means of access for every Unit in the Condominium to and from Latson Road shall be over the Condominium roads depicted on the Condominium Subdivision Plan. Direct access to Latson Road from any Unit is prohibited. This provision may not be amended without the prior written approval of the Township of Genoa or the Livingston County Road Commission, as the case may be.

Section 12. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements without the prior written approval of the Board of Directors or unless the landscaping or planting are permitted by rules duly adopted by the Association. Under no circumstances shall a Co-owner install landscaping or plant trees, shrubs or flowers within any "clear vision easement" established adjacent to a Condominium road which limits or blocks the view of the road.

Section 13. Television Antenna and Similar Devices. Except for saucer-shaped devices of no more than eighteen (18") inches in diameter, no outside television antenna or other antenna, aerial, saucer, dish or similar device shall be placed, constructed, altered or maintained on any Unit, unless the Board of Directors determines in its sole discretion that the absence of an outside antenna causes substantial hardship with respect to a particular Unit. Notwithstanding the foregoing, any Co-owner shall be permitted to install an antenna for reception of direct television broadcasting or reception of video programming by wireless cable (otherwise known as multichannel multipoint distribution) so long as such installation conforms with such reasonable rules and regulations as may be imposed by the Association in support of safety and aesthetic concerns within limits proscribed by the Federal Communications Commission and so long as any antenna installed for wireless cable reception does not measure more than 39 inches in diameter or in diagonal measurement.

Section 14. Dog Kennels and Similar Shelters. During the Development and Sales Period, no dog kennel, dog run or similar shelter shall be constructed or maintained upon a Unit without prior architectural review and written approval by the Developer. After the Development and Sales Period has elapsed, no such structure shall be constructed or maintained upon a Unit without the prior review and written approval of the Board of Directors of the Association.

Section 15. Outbuildings and Other Structures. No Structure of a temporary character shall be placed upon any Unit at any time. No temporary occupancy shall be permitted in an unfinished Residence. The use of a trailer for materials and supplies to be used in the construction of a Residence and which shall be removed from the premises upon enclosure of the Residence, may be allowed with the written consent of the Board of Directors which shall have the sole discretion to approve or disapprove same. No old or used building of any kind shall be brought on any Unit or into the Condominium. No accessory building shall be permitted on any Unit. No mobile home, trailer, house or camping trailer, tent, shack, tool storage shed, barn, tree house or other similar outbuilding or Structure shall be placed on any Unit at any time, either temporarily or permanently. Plans for a swimming or bath house must be specifically approved by the Developer.

Section 16. Swimming Pools. No above ground swimming pool shall be erected or maintained upon any Unit. No in-ground swimming pool shall be erected or maintained upon or in any Unit without a permit duly issued by the Township of Genoa and the prior written approval of the Board of Directors as to size, location, materials and type of construction, including the design of any fencing required by the Township of Genoa. The maximum height and linear footage of any fencing permitted by this Section shall not exceed the minimum allowed by the Township of Genoa. Chain-link fences of any kind are expressly prohibited.

Section 17. Fences. No fence or wall of any kind shall be erected or maintained on any Unit without the express prior written consent of the Board of Directors, which shall have the sole and absolute discretion to determine the suitability of any such fence or wall. No fence, wall or hedge shall be located nearer to any front lot line than is permitted by the Zoning Ordinance of the Township of Genoa. No fence, wall or hedge shall be maintained or erected which blocks or hinders vision at street intersections, including any fence, wall or hedge that would obstruct or limit vision across a "clear vision easement" established adjacent to any road within the Condominium. No full yard or chain-link fencing shall be permitted.

Section 18. Co-owner Maintenance. Each Co-owner shall maintain the Unit owned, the Residence constructed therein and any Limited Common Elements appurtenant thereto for which the Co-owner has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall likewise maintain the portion of the road right-of-way located between the boundaries of the Limited Common Element Yard Area appurtenant to his Unit and the curb of the road in a safe, clean and sanitary condition. All vacant and unimproved Units must remain free of debris, litter and trash and be cleaned up regularly. All grass and weeds on any vacant and unimproved Unit must be mowed at least once monthly or more often if required by the Developer. Where a Residence is under construction within a Unit, all debris, construction debris, unusable materials, litter and trash must be cleaned up and removed every Friday afternoon and more often if required by the Board of Directors. Each Co-owner shall also use due care to avoid damaging any of the Common Elements, including but not limited to the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other utilities located in or on any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by 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 19. 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, chairs and benches) unattended on or about the

Common Elements. 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 20. Alterations and Modifications of the Common Elements. No Co-owner shall make changes in any of the Common Elements, limited or general, without the express written approval of the Board of Directors. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Condominium as provided herein.

Section 21. 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 22. Leasing and Rental. Co-owners, including the Developer, may rent any number of Units at any time for any term of occupancy of not less than six (6) months and covering not less than the entire Unit, subject to the following:

(a) Disclosure of Lease Terms to Association. 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 compliance with the Condominium Documents. If Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-owner in writing.

(b) Compliance with Condominium Documents. 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.

(c) Procedures in the Event of Noncompliance with Condominium Documents. 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 actions:

(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 thirty (30) days (or such additional time as may be granted by the Association if the Co-owner is diligently proceeding to cure) 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 30 days the Association believes that the alleged breach is not cured or may be repeated, it may institute an action for eviction against the

tenant or non-owner occupant and, in the same action sue the Co-owner and tenant or non-owner occupant for money damages for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium. If the Association is under the control of the Developer, individual Co-owners may pursue the judicial relief provided in this subparagraph (c)(iii) derivatively on behalf of the Association.

(d) Notice to Co-owner's Tenant Permitted When Co-owner is in Arrears to the Association for Assessments. 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 the Residence within the 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 further 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.

Section 23. Condominium Grading Plan and Surface Water Drainage. The grade of any Unit in the Condominium may not be changed from the grading plan established for the Condominium by the Developer and approved by the Township of Genoa without the prior written consent of the Board of Directors and any governmental authority having jurisdiction.

(a) Surface Drainage Grades. It shall be the responsibility of each Co-owner to maintain the surface drainage grades of the Co-owner's Unit as established by the Developer. Each Co-owner covenants not to change the surface grade of the Co-owner's Unit in a manner which will materially increase or decrease the storm water flowing onto or off of the Co-owner's Unit. Each Co-owner further covenants not to block, pond or obstruct surface water. The Board of Directors of the Association shall enforce these covenants and may enter upon any Unit in the Condominium to correct any violation of these covenants. The Board shall charge the cost of the correction to the Co-owner and such costs shall be a lien upon the Co-owner's Unit.

(b) Footing Drains. It shall be the responsibility of each Co-owner to assure that the footing drains on the Co-owner's Unit, if any, are clear of obstruction and are installed in accordance with the drainage system established for the Condominium. It shall be the responsibility of each Co-owner to maintain the footing drains within the Co-owner's Unit. If any Co-owner shall fail to maintain the footing drains or shall fail to have such drains properly installed as part of the storm water drainage system, the Association may enter upon such Co-owner's Unit and perform all necessary connections, repairs and maintenance of the footing drains. The costs for such connections, repairs and maintenance shall be charged to the Co-owner and shall be a lien upon the Co-owner's Unit.

Section 24. Non-Disturbance of Wetlands. A portion of the land in the Condominium is open space which includes wetland areas protected by the Goemaere-Anderson Wetland Protection Act, Public Act No. 203 of 1979. These areas are shown on the Condominium Subdivision Plan. Under the provisions of the Goemaere-Anderson Wetland Protection Act, activities affecting wetland areas may only be undertaken after a permit has been obtained from the Michigan Department of Natural Resources. Restricted activities include any disturbance of a wetland by depositing material in the wetland, dredging or removing material from the wetland, draining water from the wetland and constructing, operating or maintaining any use or development in the wetland. In order to assure that no inadvertent violations of the Goemaere-Anderson Wetland Protection Act occur, no Co-owner may disturb the wetland areas contained in the areas designated as parks in the Condominium Subdivision Plan. In addition, no fertilizers may be used by the Co-owners which may, in the estimation of the Association acting through its Board of Directors, damage any wetlands which may be located within or bordering on the Condominium. The Association may ban fertilizers which may damage any such wetlands from use in the Condominium.

Section 25. Reserved Rights of Developer.

(a) **Prior Approval by Developer.** Until certificates of occupancy are issued for Residences in all of the Units in the Condominium (including Units that may be established in the Future Expansion Area), no buildings, landscaping, paving, fences, walls, retaining walls, drives, decks, walks or other Structures or improvements shall be commenced, erected, maintained nor shall any addition to, or change or alteration to any Structure be made (including in color or design), except interior alterations of Residences, until plans and specifications are approved by the Developer as provided in Section 2 of this Article VI.

(b) **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 planned Condominium are sold by Developer (including Units established within the Future Expansion Area), Developer shall have the right to maintain a sales office, a business office, a construction office, model units, storage areas 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.

(c) **Enforcement of Bylaws.** The Condominium shall at all times be maintained in a manner consistent with the highest standards of a 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 Bylaws and charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws prior to the First Annual Meeting, which right of enforcement shall include without limitation an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

(d) Site Maintenance. Developer reserves for itself and for the Association and their respective agents the right to enter upon any Unit for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of Developer detracts from the overall beauty, setting and safety of the Condominium. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. Developer and the Association and their respective agents may likewise enter upon such land to remove any trash which has collected on such Unit without such entrance and removal being deemed a trespass. The provisions of this subparagraph shall not be construed as an obligation on the part of the Developer or the Association to mow, clear, cut, or prune grass or plants on any Unit nor to provide garbage or trash removal services.

Section 26. Special Assessments for Road Improvements. At some time subsequent to the initial development of the Condominium, it may become necessary to pave or improve some or all of the roads within or adjacent to the Condominium. The improvement may be financed, in whole or in part, by the creation of a special assessment district or districts which may include the Condominium. The acceptance of a conveyance or the execution of a land contract by any Co-owner or such purchaser of a Unit shall constitute the agreement by such Co-owner or purchaser, and his or her heirs, executors, administrators and assigns, that the Board of Directors of the Association shall be vested with full power and authority to obligate all Co-owners to participate in a special assessment district, sign petitions requesting said special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all Co-owners; provided, that prior to signature by the Association on a petition for improvement of such public roads, the desirability of said improvement shall be approved by an affirmative vote of not less than 51% of all Co-owners. No consent of mortgagees shall be required for approvals of said public road improvement.

Section 27. Community Water System. All Residences are required to connect to the Genoa Township community water system prior to occupancy. Each Co-owner shall be responsible for paying any tap-in fees or assessments to connect to the community water system as well as to all other public utilities.

Section 28. Township of Genoa Ordinances. All Co-owners shall be required to comply with the minimum requirements contained in the Township of Genoa ordinances, unless stricter requirements are contained in the Master Deed and these Condominium By-Laws, in which event the stricter requirements shall control.

Section 29. PUD Agreement. The property upon which the Condominium is located is known as the "Lorentzen PUD" and is subject to a Planned Unit Development Agreement, which

has been recorded with the Livingston County Register of Deeds in Liber 2038, Page 39, Livingston County Records (the "PUD Agreement"). The PUD Agreement includes certain development restrictions and requirements, which are binding on the Developer and all Co-owners in the Condominium, to the extent applicable.

Section 30. Chapter 18 Drainage District. No Co-owner shall construct any improvement or take or cause any other action that will conflict with or impair the use and enjoyment of the easement rights conferred in Article VII, subparagraph (p) of the Master Deed with respect to the Latson Road Drainage District described therein.

Section 31. Unit Limited Common Element Yard Area. All restrictions to "Units" hereunder and elsewhere in the Condominium Documents shall also include the "Limited Common Element Yard Areas" appurtenant to said Units, whether or not specifically stated.

Section 32. Common Facilities. All Co-owners shall comply with such rules and regulations as may be established for the use of the Common Facilities by the condominium or community association responsible for the operation of said facilities. Each Co-owner shall be responsible for any damage to the Common Facilities caused by that Co-owner, the members of his family, or his tenants, guests and invitees and each such Co-owner shall promptly reimburse the association responsible for operating the Common Facilities for the cost of restoring the damaged Common Facility.

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 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 Rolling Ridge I, as it may be expanded, 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 Rolling Ridge I, as it may be expanded, 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 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 the third Tuesday of October 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 as it may be expanded pursuant to Article X of the Master Deed, 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 five (5) 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 five (5) Directors shall be selected by non-Developer Co-owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of fifty (50%) percent in number of the Units that may be created, two (2) of five (5) directors shall be elected 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.

(i) 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%) 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.

(ii) 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 Project, the non-Developer Co-owners have the right to elect a number of members of the Board

of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i) above. Application of this subsection does not require a change in the size of the Board of Directors.

(iii) If the calculation of the percentage of members of the Board of Directors that the non-Developer Co-owners have the right to elect under Subsection (ii), or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-Developer Co-owners under subsection (b) results in a right of non-Developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-Developer Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one (1) Director as provided above in subsection (i).

(iv) At the First Annual Meeting, three (3) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one slate and the three (3) persons receiving the highest number of votes shall be elected for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either three (3) or two (2) Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for two (2) of the Directors elected at the First Annual Meetings of each Director) shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(v) Once the Co-owners have acquired the right 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%) per cent 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 10 of these By-Laws;
- (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 or affiliates of the Developer, 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.

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 subparagraph 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 Director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (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.

Section 15. Litigation Against the Developer. Notwithstanding any other provision of the Condominium Documents, the Board of Directors shall not commence any litigation against the Developer unless and until commencement of the litigation has been approved by an affirmative vote of seventy-five (75%) per cent of all of the Members of the Association in number and in value attained after a Special Meeting held specifically for the purpose of approving such action.

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 Livingston 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 Project irrespective of whether such persons actually receive a copy of the amendment.

Section 7. Approval of the Township of Genoa. Any amendment to these By-Laws which materially affects the rights or conditions imposed on the Condominium by the Township of Genoa shall require the prior written consent of the Township of Genoa, 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 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 (including Limited Common Element Yard Areas) or into any Unit (but not into any Residence or related garage), 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 Livingston 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 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 (including, without limitation, a "successor developer", as defined in Section 135 of the Act), 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, mineral rights, 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 XXII 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.