

Michigan Department of Labor & Economic Growth

Filing Endorsement

This is to Certify that the ARTICLES OF INCORPORATION - NONPROFIT

for

STRATHMORE CONDOMINIUM ASSOCIATION

ID NUMBER: 794779

received by facsimile transmission on September 8, 2005 is hereby endorsed filed on September 9, 2005 by the Administrator. The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 9th day of September, 2005.

, Director

Bureau of Commercial Services

C&S: 02 (3/96)

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES - CORPORATION, SECURITIES & LAND DEVELOPMENT BUREAU			
Date Received		(FOR BUREAU USE ONLY)	
Name Sandra Sorini Elser		EFFECTIVE DATE:	
Address Bodman LLP 110 Miller, Suite 300			
City	State		Zip
Ann Arbor, Michigan 48104			

Document will be returned to the name and address you enter above.

ARTICLES OF INCORPORATION
For use by Domestic Nonprofit Corporations
(Please read information and instructions on last page)

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is: Strathmore Condominium Association

ARTICLE II

The purpose or purposes for which the corporation is formed are as follows:

- A. To manage and administer the affairs of and to maintain Strathmore Condominium, a Michigan residential condominium (the "Condominium");
- B. To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes set forth in the Master Deed for the Condominium recorded in the Macomb County Records, as may be amended from time to time as therein provided (the "Master Deed");
- C. To carry insurance and to collect and allocate the Proceeds thereof;
- D. To repair and rebuild improvements owned by the Association after casualty;
- E. To maintain and repair all General Common Elements and Limited Common Elements for which the Association is responsible within or adjacent to the Condominium, in accordance with, and as such terms are defined in, the Master Deed, and to assess Co-owners of the Condominium for costs associated with such maintenance described in the Master Deed;

AnnArbor_95987_1

09/08/2005 11:50AM

F. To contract for and employ persons, firms, or corporations to assist in management, operation, maintenance, and administration of the Condominium;

G. To make and enforce reasonable regulations concerning the use and enjoyment of the General Common Elements and any Limited Common Elements for which the Association is responsible in the Condominium;

H. To acquire, own, maintain and improve, and to buy, sell, convey, assign, mortgage, lease (as Landlord or Tenant), or otherwise grant interests in any real or personal property including but not limited to any unit in the Condominium, any easements or licenses or any other real property, whether or not contiguous to the Condominium for the purpose of providing benefit to the members of the Association and in furtherance of any of the purposes of the Association. Not in limitation of the foregoing, the Association may acquire and own units in the Condominium;

I. To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien;

J. To enforce the provisions of the Master Deed, Condominium and Corporate By-Laws and these Articles of Incorporation and such Rules and Regulations of the Association as may hereafter be adopted;

K. To sue in all courts and participate in actions and proceedings judicial, administrative, arbitative or otherwise, subject to the express limitations on suits, actions and proceedings as set forth in Article IX of these Articles;

L. To do anything required of or permitted to the Association as administrator of the Condominium by the Condominium Master Deed or By-Laws or by Act No. 59 of Public Acts of Michigan of 1978, as from time to time amended;

M. In general, to enter into any kind of activity, to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, repair, replacement and operation of the Condominium and to the accomplishment of any of the purposes thereof.

ARTICLE III

The Association is organized upon a non-stock membership basis. The amount of assets which the Association possesses is:

Real Property:	None
Personal Property:	None

The corporation is to be financed under the following general plan: Assessment of Members.

ARTICLE IV

The location and post office address of the first registered office is:

450 W. Fourth Street, Royal Oak, Michigan 48067

The name of the first resident agent is Dawn Schwab.

ARTICLE V

The name and address of the incorporator is as follows:

Name	Business Address
Sandra Sorini Elser	Bodman LLP 110 Miller, Suite 300 Ann Arbor, Michigan 48104

ARTICLE VI

The term of corporate existence is perpetual.

ARTICLE VII

The qualifications of members, the manner of their admission to the Association, the termination of membership, and voting by such members shall be as follows:

A. Each co-owner of a unit in the Condominium shall be a member of the Association, and no other person or entity shall be entitled to membership. The Developer named in the Condominium Master Deed and any successor Developer shall be a member of the Association until all units have been conveyed to individual purchasers.

B. Membership in the Association by persons other than the Developer shall be established by acquisition of ownership of a unit in the Condominium and by recording with the Register of Deeds in the County where the Condominium is located a deed or other instrument establishing a change of ownership of the unit and the furnishing of evidence of such change of ownership satisfactory to the Association, the new co-owner thereby becoming a member of the Association and the membership of the prior co-owner thereby being terminated. Land contract vendees of units shall be members if the land contract instrument expressly conveys the vendor's interest as a member of the corporation, in which even the vendor's membership shall terminate as to units sold.

C. The share of a member in the funds and assets of the Association or other rights of membership cannot be assigned, pledged, encumbered or transferred in any manner except as an appurtenance to the Condominium unit.

D. Voting by members shall be in accordance with the provisions of the Master Deed, and the Corporate By-Laws of this Association.

ARTICLE VIII

**LIMITATION OF LIABILITY OF VOLUNTEER DIRECTORS
AND VOLUNTEER OFFICERS**

A. No member of the Board of Directors of the Corporation who is a Volunteer Director as that term is defined in the Michigan Nonprofit Corporation Act (the "Act"), and no officer who is a Volunteer Officer shall be personally liable to this Corporation or its members for monetary damages for breach of fiduciary duty arising under the Act by such Volunteer Director or Volunteer Officer; provided, however, that

this provision shall not eliminate or limit the liability of a Volunteer Director or Volunteer Officer for any of the following:

1. A breach of the director or officer's duty of loyalty to the Corporation;
2. Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
3. A violation of Section 551(1) of the Act, as amended;
4. A transaction from which the director or officer derived an improper personal benefit;
5. An act or omission occurring before the effective date of this Article;
6. An act or omission that is grossly negligent;

B. The Corporation assumes the liability for all acts or omissions of a Volunteer Director, Volunteer Officer or other volunteer as defined in the Act occurring on or after the effective date of this provision if all of the following are met:

1. The volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority;
2. The volunteer was acting in good faith.
3. The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct.
4. The volunteer's conduct was not an intentional tort.
5. The volunteer's conduct was not a tort arising out of the ownership, maintenance or use of a motor vehicle as described in Section 209(e)(v) of the Act.

C. If the Act is amended after approval of this Article to authorize the further elimination or limitation of the liability of directors or officers of nonprofit corporations, then the liability of directors or officers of the Corporation, in addition to the limitation, elimination and assumption of personal liability contained in this Article shall be assumed by the Corporation or eliminated or limited to the fullest extent permitted by the Act as so amended. No amendment or repeal of this Article shall apply to or have any effect on the liability or alleged liability of a director or officer of the Corporation for or with respect to any acts or omissions occurring prior to the effective date of such amendment or repeal.

ARTICLE IX

JUDICIAL CLAIMS AND ACTIONS

The requirements of this Article IX shall govern the corporation's commencement and conduct of any civil action except for the actions to enforce the Bylaws of the corporation or collect delinquent assessments. The requirements of this Article IX will ensure that the members of the corporation are fully informed regarding the prospects and likely costs of any civil action the corporation proposes to engage in, as well as the ongoing status of any civil actions actually filed by the corporation. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the

corporation's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each member of the corporation shall have standing to sue to enforce the requirements of this Article IX. The following procedures and requirements apply to the corporation's commencement of any civil action other than an action to enforce the Bylaws of the corporation or collect delinquent assessments:

A. The Association's Board of Directors ("Board") shall be responsible in the first instance for recommending to the members that a civil action be filed, and supervising and directing any civil actions that are filed.

B. Before an attorney is engaged for purposes of filing a civil action on behalf of the corporation, the Board shall call a special meeting of the members of the corporation ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The written notice to the members of the date, time and place of the litigation evaluation meeting shall be sent to all members not less than twenty (20) days before the date of the meeting and shall include the following information:

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

(A) It is in the best interests of the corporation to file a lawsuit;

(B) At least one Board member has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the corporation, without success;

(C) Litigation is the only prudent, feasible and reasonable alternative; and

(D) The Board's proposed attorney for the civil action is of the written opinion that the litigation is the corporation's most reasonable and prudent alternative.

2. A written summary of the relevant experience of the attorney ("litigation attorney") the Board recommends be retained to represent the corporation in the proposed civil action, including the following information:

(A) The number of years the litigation attorney has practiced law; and

(B) The name and address of every condominium and homeowner association for which the attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.

3. The litigation attorney's written estimate of the amount of the corporation's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.

4. The litigation attorney's written estimate of the cost of the civil action through a trial on the merits of the case ("total estimated cost"). The total estimated cost of the civil action shall include the litigation attorney's expected fees, court costs, expert witness fees, and all other expenses expected to be incurred in the civil action.

5. The litigation attorney's proposed written fee agreement.

6. The amount to be specially assessed against each unit in the Condominium to fund the estimated cost of the civil action both in total and on a monthly per unit basis, as required by subparagraph F. of this Article IX.

C. If the lawsuit relates to the condition of any of the common elements of the Condominium, the Board shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the common elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the independent expert opinion required by the preceding sentence, the Board shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the litigation attorney or any other attorney with whom the Board consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the common elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the members of the corporation have a realistic appraisal of the condition of the common elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to the members with the written notice of the litigation evaluation meeting.

D. The corporation shall have a written fee agreement with the litigation attorney, and any other attorney retained to handle the proposed civil action. The corporation shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the members in the text of the corporation's written notice to the members of the litigation evaluation meeting.

E. At the litigation evaluation meeting the members shall vote on whether to authorize the Board to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney. The commencement of any civil action by the corporation (other than a suit to enforce the Condominium Bylaws or collect delinquent assessments) shall require the approval of a majority in value of the members of the corporation. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting.

F. All legal fees incurred in pursuit of any civil action that is subject to this Article IX shall be paid by special assessment of the members of the corporation ("litigation special assessment"). The litigation special assessment shall be approved at the litigation evaluation meeting (or at any subsequent duly called and noticed meeting) by a majority in number and in value of all members of the corporation in the amount of the estimated total cost of the civil action. If the litigation attorney proposed by the Board is not retained, the litigation special assessment shall be in an amount equal to the retained attorney's estimated total cost of the civil action, as estimated by the attorney actually retained by the corporation. The litigation special assessment shall be apportioned to the members in accordance with their respective percentage of value interests in the Condominium and shall be collected from the members on a monthly basis. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

G. During the course of any civil action authorized by the members pursuant to this Article IX, the retained attorney shall submit a written report ("attorney's written report") to the Board every thirty (30) days setting forth:

1. The attorney's fees, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the attorney's written report ("reporting period").

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

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

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

5. Whether the originally estimated total cost of the civil action remains accurate.

H. The Board shall meet monthly during the course of any civil action to discuss and review:

1. The status of the litigation;
2. The status of settlement efforts, if any; and
3. The attorney's written report.

I. If, at any time during the course of a civil action, the Board determines that the originally estimated total cost of the civil action or any revision is inaccurate, the Board shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the members, the Board shall call a special meeting of the members to review the status of the litigation, and to allow the members to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting.

J. The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action subject to this Article IX ("litigation expenses") shall be fully disclosed to members in the corporation's annual budget. The litigation expenses for each civil action subject to this Article IX shall be listed as a separate line item captioned "litigation expenses" in the corporation's annual budget.

ARTICLE X

INDEMNIFICATION


Each person who is or was an officer of the Corporation or a member of the Board of Directors, and each person who serves or has served at the request of the Corporation as a director, officer, partner, trustee, employee, agent or committee member of any other corporation, partnership, joint venture, trust or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the corporation laws of the State of Michigan as they may be in effect from time to time. The Corporation may purchase and maintain insurance on behalf of any such person in any such capacity or arising out of such status, whether or not the Corporation would have power to indemnify such person against such liability under the laws of the State of Michigan. This right of indemnification shall continue as to a person who ceases to be a director or officer, and shall inure to the benefit of the heirs, executors, and administrators of that person.

ARTICLE XI

AMENDMENT

These Articles of Incorporation may only be amended by the consent of two-thirds (2/3) of all members.

I, the incorporator sign my name this 8 day of Sept., 2005.


Sandra Sorini Elser
Incorporator