

EXHIBIT "A"

BYLAWS
NORTH SCHUSS VILLAGE CONDOMINIUM

ARTICLE I

ASSOCIATION OF CO-OWNERS

North Schuss Village Condominium, a residential Condominium Project located in the Townships of Custer and Kearney, Antrim 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, including without limiting the generality of the foregoing, to maintain all drainage easements and structures including ponds, brims, drain pipes and culverts located on or upon the general or limited common elements. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Non-Profit 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 Common Elements, or the improvements constructed or to be constructed within the perimeters of the Condominium Units for which 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 Common Elements or 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. 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 Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly 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 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 the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time determine, 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 replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding \$3,500 annually for the entire Condominium Project, or (4) that an event of emergency exists, 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 Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 4 hereof. 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 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 needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$3,500 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; (3) assessments to purchase a Unit for the use as a resident manager's Unit; or (4) 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 this subparagraph 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 the members thereof. Additionally, the Association may make special assessments against any one (1) or more Co-owners for these purposes and to enforce those provisions set forth in Article VII, Section 2 of the Master Deed without reference to the Co-owners for approval.

C. Special Assessments for Outside Maintenance.

In addition to the above, the Association may assess individual Co-owners for outside maintenance costs of dwellings and other structures placed upon the Units if (i) the Co-owner fails to maintain the outside of such structures, (ii) the Association has given written notice to the Co-owner of its failure to maintain, (iii) a period of thirty (30) days has elapsed from the date of such notice without remedy to such failure to maintain, and (iv) the Association has expended funds for such maintenance. The amount of such assessment shall be the cost incurred by the Association in performing such maintenance plus fifteen (15%) percent of such cost.

Section 3. Apportionment of Assessments and Penalty for Default.

Unless otherwise provided for 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 V of the Master Deed, without increase or decrease for the existence of any limitation to use the 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 in one (1) annual payment due and payable January 1st of each year and prorated to the date of acceptance of a deed to or a land contract vendee's interest in a Unit, or with 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 of each payment.

Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven (7%) percent per annum until each installment is paid in full. The Association may, pursuant to Article XIX, Section 4 hereof, levy fines for the late payment in addition to such interest. Each Co-owner (whether one (1) or more Co-owners) 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 the Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so 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. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments pertaining to his Unit which may be levied while such Co-owner is the owner thereof. 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 each installment; 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 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 any utilities or other 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 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. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

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. 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 such lien by advertisement and any hearing on the same prior to the sale of the subject Unit.

C. 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 (1) 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 assessment(s)), (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 in the county in which the project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action

as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

D. Expenses of Collection.

The expenses incurred in collecting unpaid assessments, including interest, cost, actual attorney's 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.

During the period up to the time of the Transitional Control Date the Developer of the Condominium, even though a member of the Association, shall not be responsible for payment of the Association assessment. Developer, however, shall during the period up to such time pay a proportionate share of the Association's current maintenance expenses actually incurred from time to time based upon the ratio of completed Units owned by Developer at the time the expense is incurred to the total number of completed Units in the Condominium. In no event shall Developer be responsible for payment, until after said Transitional Control Date, of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to occupied Units owned by it. After such date, Developer shall be responsible for payment of the full monthly Association assessment for all completed Units owned by it and shall also maintain, at its own expense, any incomplete Units owned by it. Developer shall not be responsible at any time for payment of said monthly assessment or payment of any expenses whatsoever with respect to unbuilt Units notwithstanding the fact that such unbuilt Units may have been included in the Master Deed.

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. Mechanic's Lien.

A mechanic's lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended shall be subject to Sections 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 each Unit shall render any unpaid assessments and the lien securing 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.

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 the Co-owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties hereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. 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 consent of the parties pursuant to Section 1 above, no Co-owner 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 given the nature of the Common Elements of the Project, carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workman's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the General Common Elements of the Condominium Project 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, and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners.

B. Insurance of Common Elements.

All General Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

C. Premium Expenses.

All premiums upon 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 General Common Elements of the Project, and 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. Responsibilities of Co-owners.

Each Co-owner shall be responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to his residential dwelling and all other improvements constructed or to be constructed within the perimeter of his condominium unit, together with all Limited Common Elements appurtenant to his Unit, whether located within or outside the perimeter of his Unit, and for his personal property located therein or elsewhere on the Condominium Project. 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. In the event of the failure of a Co-owner to obtain such insurance, the Association may obtain such insurance of 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. The Co-owner also shall be obligated to obtain insurance coverage for his personal liability for occurrences within the perimeter of his Condominium Unit or within the residential dwelling located thereon and on the Limited Common Elements of his Condominium Unit or within the residential dwelling located thereon and on the Limited Common Elements appurtenant thereto (regardless of where located), and also for alternative living expense in the event of fire. 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.

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.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Determination to Reconstruct or Repair.

If any part of the Common Elements of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner: If the damaged property is a Common Element, the property shall be rebuilt or repaired unless it is determined by a unanimous vote of all of the Co-owners in the Condominium that the Condominium shall be terminated.

Section 2. Repair in Accordance with Plans and Specifications.

Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications on file with the appropriate governmental authority for each such Common Element in the Project to a condition as comparable as possible to the existing prior to damage unless the Co-owners shall unanimously decide otherwise.

Section 3. Co-owner Responsibility for Repair.

A. Definition of Co-owner Responsibility.

If the damage is only to the dwelling or other improvement constructed within the perimeter of a Unit, or to a Limited Common Element appurtenant thereto which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage. In all other cases, the responsibility for reconstruction and repair shall be that of the Association. The Co-owner may elect not to repair the dwelling or improvement, but in such case he shall be obligated to restore the Unit to the condition which existed prior to the construction of such dwelling or improvement.

B. Damage to Interior of Dwelling.

Each Co-owner shall be responsible for the reconstruction, repair, and maintenance of the interior of the dwelling constructed within the perimeter of his Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls, interior trim, furniture, light fixtures and all appliances, whether free standing or

built in. In the event damage to a dwelling or to any Limited Common Elements appurtenant thereto is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 4 of this Article V. If, and to the extent that any dwelling is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto, and if there is a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly. In the event of substantial damage to, or destruction of, any Unit or any improvements located thereon or any part of the Common Elements, the Association shall promptly so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 4. Association Responsibility for Repair.

Except as otherwise provided in Section 3 above of the Master Deed, the Association shall be responsible for the reconstruction, repair and maintenance of Common Elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable detailed estimates of the cost to replace the damaged property in a condition as good as that existing prior to the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair or upon completion of such reconstruction or repair, the funds for the 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 repair.

Section 5. Timely Reconstruction and Repair.

If damage to Common Elements or the dwelling or improvements constructed within the perimeter of a Unit adversely affects the appearance of the Unit, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property or restoration as above provided without delay, and shall complete such replacement, repair or restoration six (6) months after the date of the occurrence which caused damage to the property.

Section 6. Eminent Domain.

Section 133 of the Act and the following provisions shall control upon taking by eminent domain:

A. Taking of Unit.

In the event of any taking of an entire Unit (or of all the improvements located within the perimeter thereof) by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the

Co-owner and his mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any Co-owner whose Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Co-owner and his mortgagee, as their interests may appear.

B. Taking of Common Elements.

If there is any taking of any portion of the Condominium other than any Unit, 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 fifty (50%) percent of the Co-owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

C. Continuation of Condominium After Taking.

In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V 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 one hundred (100%) percent. 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 or other person having any interest whatever in the Project, as mortgagee or otherwise.

D. Notification of Mortgagees.

In the event any Unit (or improvements located within the perimeter thereof) 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.

Section 7. Notification of FHLMC.

In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon request therefor by FHLMC, the Association shall give it written notice at such address as it 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 (\$10,000) Dollars in amount, or if damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds One Thousand (\$1,000) Dollars.

Section 8. Priority of Mortgage Interests.

Nothing contained in the Condominium Documents shall be construed to give a Condominium Unit 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 condominium unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI

RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Residential Use.

No Unit in the Condominium shall be used for other than the construction of single-family residence purposes and the Common Elements shall be used only for purposes consistent with the use of single-family residences.

Section 2. Leasing and Rental.

A. Right to Lease.

A Co-owner may lease improvements located upon his unit for the same purposes set forth in Section 1, of this Article VI provided that if the lease exceeds thirty (30) days, written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection B below. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate all of the provisions of the Condominium Documents.

B. Leasing Procedures.

The leasing of Units in the project shall conform to the following provisions:

- 1) The term of the lease shall be a minimum of one (1) day.
- 2) A Co-owner, including the Developer, desiring to rent or lease a Unit for a term in excess of thirty (30) days, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee of the Unit and, at the same time shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer desires to so rent Units before the Transitional Control Date, it shall notify either the advisory Committee or each Co-owner in writing.
- 3) Tenants or nonco-owner occupants shall comply with all of the conditions of the Condominium Documents of the

Condominium Project and all leases and rental agreements shall so state.

- 4) If the Association determines that the tenant or nonco-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:
 - (i) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.
 - (ii) The Co-owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by tenant or advise the Association that a violation has not occurred.
 - (iii) If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or nonco-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or nonco-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be 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 Project.
- 5) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.

Section 3. Architectural Control.

The Developer of the Project intends that there shall be a residential dwelling and certain other improvements within the boundaries of each of the Condominium Units in the Project. In order to accomplish these interests of the Developer, the following architectural controls have been established:

- A. The Condominium Association shall be a member of The Schuss Mountain Chalet and Lot Owners Association and shall pay such dues and assessments as an expense of administration as from time to time established by The Schuss Mountain Chalet and Lot Owners Association.

- B. There is established an Architectural Committee (the "COMMITTEE") which shall be comprised of three (3) members of The Schuss Mountain Chalet and Lot Owners Association. The Developer by these presents and pursuant to the provisions of Article IX of the Master Deed has assigned this function to The Schuss Mountain Chalet and Lot Owners Association.
- C. All preliminary plans and working drawings shall be submitted to the COMMITTEE and shall:
1. Be prepared by a registered architect or other person satisfactory to the COMMITTEE.
 2. Require the approval of the COMMITTEE prior to the time of the commencement of any construction within the boundaries of the Condominium Unit or Units or upon any of the Common Elements of the Condominium Project. Then, with prior written consent by the COMMITTEE, a Co-owner may engage the services of a licensed builder to construct improvements (including the residential dwelling) within the boundaries of a Unit or to the extent approved by the COMMITTEE on the Limited Common Elements appurtenant to a Condominium Unit. In such event, the COMMITTEE shall be entitled to require that such builder or Co-owner furnish to it adequate security, in the COMMITTEE's discretion, to protect the Association against costs and expenses which it might incur in connection with the failure to complete construction in a timely and diligent manner in accordance with the approved plans and specifications for the dwelling and its appurtenances and in this respect construction shall be completed within one (1) year of the start of construction unless waived in writing by the COMMITTEE.

No one other than the COMMITTEE shall be entitled to alter the nature or appearance of any improvements constructed within the boundaries of a Condominium Unit or the Limited Common Elements appurtenant thereto without its prior written consent, which consent may be withheld by the Board in its absolute discretion.

The COMMITTEE's prior written approval of proposed plans is required for any residential construction, additional buildings or structures, roads, sidewalks or other improvements to be built or erected on the Premises and any changes to existing buildings or structures prior to the construction or erection thereof; however, such approval shall not be unreasonably withheld.

Any such plans for construction or alteration referred to above shall include a plan for restoration of the premises after construction or alteration to a condition satisfactory to the COMMITTEE.

Construction of any dwelling must also receive any necessary approvals from the local public authority.

The COMMITTEE shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons. In passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to construct the same, and the degree of harmony thereof with the Condominium as a whole and the area of future development described in the Master Deed.

The COMMITTEE may also, in its discretion, require as a condition of approval of any plans, an agreement for special assessment of increased maintenance charges from any Co-owner whose proposed dwelling and appurtenances and related improvements will cause the Association abnormal expenses in carrying out its responsibilities with respect thereto under the Master Deed. In this connection, the Co-owner shall submit, in a form satisfactory to the COMMITTEE, on any and all grades or slopes exceeding seven (7%) percent, whether as a result of (i) the current condition of the Unit; (ii) the construction to be undertaken upon the Unit; or, (iii) the physical characteristics of the structure placed upon the Unit, a report from a registered engineer stating that such existing or resulting slope shall not cause or occasion water run off erosion in a manner which would adversely affect abutting, adjacent or, where applicable, down stream premises. In any event it shall be the responsibility of the Co-owner to provide, at his sole cost and expense, such erosion control devices as may be necessary in the opinion of the COMMITTEE and governmental authorities, to insure that water run off shall not cause erosion adversely effecting such abutting, adjacent or down stream premises; and should the Co-owner fail to provide such erosion controls, the COMMITTEE may undertake to provide them and assess the Co-owner for such costs in the manner provided for special assessments for outside building maintenance as set forth in Article II, Section 2, C hereof.

The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners.

Further, the restrictions hereby placed upon the Premises shall not be construed or deemed to create negative reciprocal covenants, easements or any restrictions upon the use of the area of future development described in the Master Deed or any portion thereof unless, until and only to the extent such land is included in this Project by Master Deed amendment.

Developer may construct any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity or prior consent from the COMMITTEE or any other person or entity, subject only

to the express limitations contained in the Condominium Documents.

The COMMITTEE in its approval process shall be guided by the following:

- a) No building, fence, wall, deck, swimming pool, out building or other structure, landscaping or exterior improvement shall be commenced, erected or maintained on any Unit nor shall any exterior addition to or change or alteration therein or change in the exterior appearance thereof or change in landscaping be made until the plans and specifications showing the kind, size, shape, height, colors, materials, topography and location of the same on the Unit shall have been submitted to and approved in writing by the COMMITTEE.
- b) Plans and specifications for final approval by the COMMITTEE shall include the following:
 - 1) Complete plans and specifications sufficient to secure a building permit from the appropriate governmental authority including a dimensioned plot plan showing the Unit and placement of residence, out-building and fences, sewers and wells, if any, and all other improvements and an engineered plan showing storm water run off.
 - 2) Front elevation, side elevation and rear elevation of the building, plus elevations of any walls and fences.
 - 3) A perspective drawing, if deemed necessary by the COMMITTEE, to interpret adequately the exterior design.
 - 4) Data as to size, materials, colors and texture of all exteriors, including roof coverings and any fences and walls.
 - 5) One (1) set of blueprints to be left with the COMMITTEE permanently.
 - 6) One (1) set of blueprints showing individual septic systems and individual wells if such septic system and/or wells are to be utilized by the Co-owners.
 - 7) Any other data, drawings or materials which the Committee requests in order to fulfill its function.
- c) Preliminary plans shall first be submitted to the COMMITTEE for preliminary approval.
- d) The COMMITTEE may disapprove plans because of noncompliance with any of the restrictions herein contained, or because of dissatisfaction with the

grading and drainage plan, the location of the structure on the Unit, the materials used, the color scheme, the finish, design, proportion, shape, height, style or appropriateness of the proposed improvement or alteration or because of any matter or thing which in the judgment of the COMMITTEE would render the proposed improvement or alteration inharmonious with or out of keeping with the objectives of the COMMITTEE or with improvements erected or to be erected on other Units in the Condominium, including purely aesthetic conditions.

- e) In the event the COMMITTEE fails to approve or disapprove plans within forty-five (45) days after proper submission, then such approval will not be required but all other limitations, conditions and restrictions set forth herein shall apply and remain in force as to such plans.
- f) COMMITTEE approval shall be deemed given if the plans and specifications submitted for approval are marked or stamped as having been finally approved by the COMMITTEE and are dated.
- g) All Units shall be used for single family residence purposes only and no building of any kind whatsoever shall be erected, re-erected, moved or maintained thereon except one (1) single family dwelling house and appurtenant attached structures on each Unit as hereinafter provided. Each house shall be designed and erected for occupation by a single private family. A private attached or detached garage for the sole use of the occupants of the Unit upon which the garage is erected may also be so erected and maintained.
- h) No dwelling shall be permitted on any Unit unless, in the case of one-story building, the living area thereof shall be no less than one (1000) thousand square feet; in the case of a two-story building, the living area thereof shall be not less than thirteen hundred (1300) square feet; and in the case of a quad or tri-level building, the living area thereof shall be not less than seventeen hundred (1700) square feet. All computations of square footage for determination of the permissibility of erection of residences under this section shall be exclusive of basements, attics, out buildings, porches or similar areas which are not normally classified as living areas. All garages must be architecturally related to the dwelling. The COMMITTEE may grant such exceptions to this restriction as it deems suitable. No garage shall provide space for less than two (2) automobiles.
- i) Each Co-owner shall keep all improvements on his Unit in good conditions and in good repair at all times.

j) Easements are provided for as follows:

- 1) Easements for the installation, maintenance, repair, replacement, modification and/or removal of utilities, underground television cable, sanitary and storm sewer lines, water mains, drainage lines, surface drainage swales and any other improvements which would serve the Condominiums, the Association and the Committee are reserved to the Committee, its successors and assigns, as shown on the Condominium Subdivision Plan which is Exhibit B to the Master Deed of the Condominium and also in, on, under and over a strip of land ten (10') feet in width on each side of and along the rear side of each Unit. The use of all or part of such easements may at any time or times hereafter be granted or assigned by the Committee, its successors or assigns, to any person, firm, corporation, governmental unit or agency which furnishes such services or utilities.

No building may be constructed or maintained over or on any easements; provided, however, that after the aforementioned utilities have been installed, planting, fencing (where permitted), or other Unit line improvements shall be allowed, so long as they do not violate the provisions of this Article and do not interfere with, obstruct, hinder or impair the drainage plan of the Condominium and so long as access be granted without charge or liability for damages, for the installation, maintenance, repair, replacement, modification and/or removal of the utilities, drainage lines and/or additional facilities.

- 2) Private easements for public utilities are granted and reserved as shown on the Subdivision Plan of the Condominium.
- k) Trailers, shacks, barns, or any temporary buildings of any description whatsoever are expressly prohibited and no temporary occupancy shall be permitted in unfinished residential buildings. Tents for entertainment or recreational purposes are permitted for periods not to exceed forty-eight (48) hours. The erection of a temporary storage building by a builder or his subcontractors for materials and supplies to be used in the construction of a dwelling is permitted during the period when new houses are under construction in the Condominium by the builder.
- 1) The following general conditions shall be in effect:
 - 1) No unit shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste, and the same shall not be kept except in sanitary containers properly concealed from public view and/or provided by the Association.

- 2) No laundry shall be hung for drying in such a way as to be visible from the street on which the dwelling fronts and/or sides.
- 3) The grade of any lot in the subdivision may not be changed without the written consent of the COMMITTEE.
- 4) No swimming pool may be built which is higher than one (1) foot above the final lot grade except for hot tubs or whirlpool baths which may be located upon the decks of structures to be built. No swimming pool may be built unless some portion of the pool is within twenty (20) feet of the residence. All swimming pools, tubs and whirlpools must be constructed so that they drain in a manner approved by the COMMITTEE.
- 5) No radio, television, or other communication antennas of any type will be installed on or outside of any residence unless specifically approved by the COMMITTEE in writing. Antennas may be installed or placed in the interior of any residence.
- 6) No exterior lighting shall be installed so as to illuminate neighboring Units or impair the vision of traffic on any street.
- 7) All utility lines including electric, gas, telephone and cable television must be installed underground.
- 8) No antennae dishes shall be permitted
- n) The visible exterior walls of any dwelling structure shall be made of wood, stone or other materials acceptable to the COMMITTEE. The COMMITTEE may grant such exceptions to this restriction as it deems suitable. Windows and doors made of unpainted aluminum or non-factory painted aluminum are prohibited.
- o) No fence, wall or solid hedge may be erected, grown or maintained in front of or along the front building line of any Unit; provided, however, that low ornamental fencing or planting along the front Unit line in architectural harmony with the design of the house, may be erected with approval of the COMMITTEE. No fence or wall may be erected or maintained on or along the sides lines of any Unit and/or on or along the real line of any Unit except fences which are required by law to enclose swimming pools and fences which are an integral part of a deck or patio design. All fences, except for dog run fences which may be constructed using black chain link, must be constructed of pressure treated wood or the materials