

LAKESHORE CONDOMINIUM

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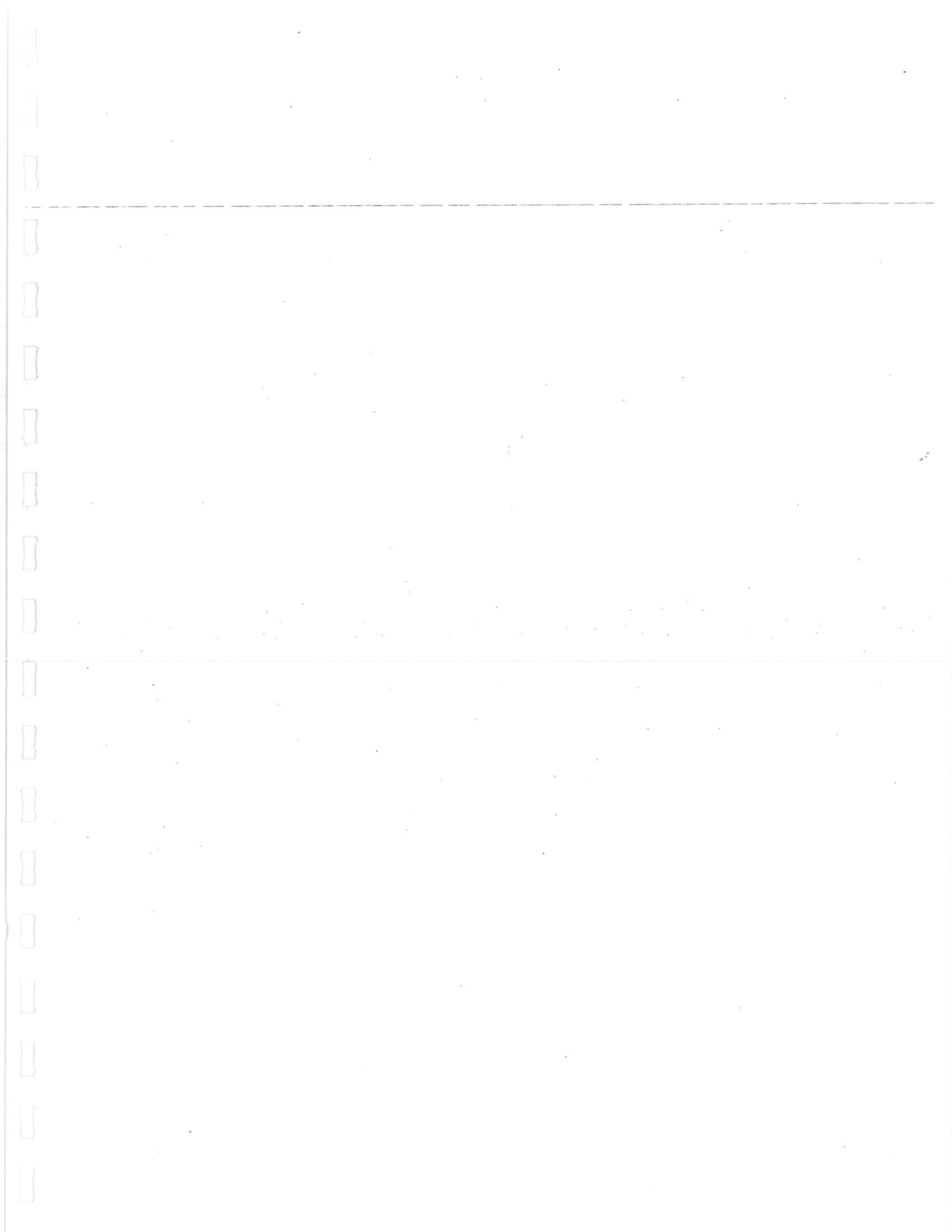
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LAKESHORE ASSOCIATION ARTICLES OF INCORPORATION

ESCROW AGREEMENT

MANAGEMENT AGREEMENT

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SERVIDE TRETHEWAY
REGISTER OF DEEDS
BERRIEN COUNTY, MICHIGAN

MASTER DEED

LAKESHORE CONDOMINIUM

This Master Deed is made and executed on this 5th day of January, 1998, by Lakeshore Property L.L.C., a Michigan limited liability company, hereinafter referred to as the "Developer," the post office address of which is 3628 Lakeshore Drive, St. Joseph, Michigan 49085, in pursuance of the provisions of the Michigan Condominium Act (being Act 59 of the Public Acts of 1978, as amended).

WHEREAS, the Developer desires by recording this Master Deed, together with the Bylaws attached hereto as Exhibit A and the Condominium Subdivision Plan attached hereto as Exhibit B (both of which are hereby incorporated herein by reference and made a part hereof), to establish the real property described in Article II below, together with the improvements located and to be located thereon, and the appurtenances thereto, as a residential Condominium Project under the provisions of the Act.

NOW, THEREFORE, the Developer does, upon the recording hereof, establish Lakeshore Condominium as a Condominium Project under the Act and does declare that Lakeshore Condominium shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of the Act, and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Master Deed, the Bylaws and the Condominium Subdivision Plan, all of which shall be deemed to run with the land and shall be a burden and a benefit to the Developer and any persons acquiring or owning an interest in the Condominium Premises and their respective successors and assigns. In furtherance of the establishment of the Condominium Project, it is provided as follows:

ARTICLE I

TITLE AND NATURE

The Condominium Project shall be known as Lakeshore Condominium, Berrien County Condominium Subdivision Plan No. 103. The engineering and architectural plans for the Project were approved by, and are on file with, the City of St. Joseph. The Condominium Project is established in accordance with the Act. The buildings contained in the Condominium, including

the number, boundaries, dimensions and area of each Unit therein, are set forth completely in the Condominium Subdivision Plan. Each building contains individual Units for residential purposes and each Unit is capable of individual utilization on account of having its own entrance from and exit to a Common Element of the Condominium Project. Each Co-owner in the Condominium Project shall have an exclusive right to his or her Unit and shall have undivided and inseparable rights to share with other Co-owners the Common Elements of the Condominium Project.

ARTICLE II

LEGAL DESCRIPTION

The land which is submitted to the Condominium Project established by this Master Deed is described as follows:

That part of the fractional Northwest quarter (1/4) of Section 3, Township 5 South, Range 19 West, City of St. Joseph, Berrien County, Michigan, described as follows to-wit: Commencing on the highway center line 1207.5 feet West and 1399.12 feet North 11° East of the center of said Section 3, thence North 11° East, on said center line, 625.45 feet, thence West to the water's edge of Lake Michigan, thence southwesterly along said water's edge of Lake Michigan to a point due west of the place of beginning, thence East to the place of beginning. Subject to easements and restrictions of record and all governmental limitations; further subject to rights of the public and of any Governmental unit in any part of subject property taken, used or deeded for street, road or highway purposes; also subject to rights, if any, of riparian owners and the public to use the surface, sub-surface and bed of Lake Michigan, for purposes of navigation, fishery and recreation; also subject to any adverse claims based on the assertion that the bed of Lake Michigan has changed location as a result of other than natural causes.

ARTICLE III

DEFINITIONS

Certain terms are utilized not only in this Master Deed and Exhibits A and B hereto, but are or may be used in various other instruments such as, by way of example and not limitation, the Articles of Incorporation and rules and regulations of the Lakeshore Association, a Michigan non-profit corporation, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment of, or transfer of, interests in Lakeshore Condominium as a

condominium. Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

Section 1. Act. The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

Section 2. Association. "Association" means Lakeshore Association, which is the non-profit corporation organized under Michigan law of which all Co-owners shall be members, which corporation shall administer, operate, manage and maintain the Condominium.

Section 3. Bylaws. "Bylaws" means Exhibit A hereto, being the Bylaws setting forth the substantive rights and obligations of the Co-owners and required by Section 3(8) of the Act to be recorded as part of the Master Deed. The Bylaws shall also constitute the corporate bylaws of the Association as provided for under the Michigan Nonprofit Corporation Act.

Section 4. Common Elements. "Common Elements," where used without modification, means both the General and Limited Common Elements described in Article IV hereof.

Section 5. Condominium Documents. "Condominium Documents" means and includes this Master Deed and Exhibits A and B hereto, and the Articles of Incorporation and rules and regulations, if any, of the Association, as all of the same may be amended from time to time.

Section 6. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements and structures thereon, and all easements, rights and appurtenances belonging to Lakeshore Condominium as described above.

Section 7. Condominium Project, Condominium, Lakeshore Condominium or Project. "Condominium Project," "Condominium," "Lakeshore Condominium" or "Project" each mean Lakeshore Condominium as a Condominium Project established in conformity with the Act.

Section 8. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit B hereto.

Section 9. Co-owner or Owner. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Units in the Condominium Project. The term "Owner," wherever used, shall be synonymous with the term "Co-owner."

Section 10. Developer. "Developer" means Lakeshore Property L.L.C., a Michigan limited liability company, which has made and executed this Master Deed, and its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, however and wherever such term is used in the Condominium Documents.

Section 11. Development and Sales Period. "Development and Sales Period," for the purposes of the Condominium Documents and the rights reserved to the Developer thereunder, shall be deemed to continue for so long as the Developer (or any successor to whom or which it specifically assigns any of its rights associated with the Development and Sales Period) owns any Unit in the Project.

Section 12. First Annual Meeting. "First Annual Meeting" means the initial meeting at which non-developer Co-owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting is to be held (a) in the Developer's sole discretion after fifty (50) percent of the Units are conveyed, or (b) mandatorily within (i) fifty-four (54) months from the date of the first Unit conveyance, or (ii) one hundred twenty (120) days after seventy-five (75) percent of all Units are conveyed, whichever first occurs.

Section 13. Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Section 14. Unit or Condominium Unit. "Unit" or "Condominium Unit" each mean the enclosed space constituting a single complete residential Unit in Lakeshore Condominium, as such space may be described in Article V hereof and in the Condominium Subdivision Plan, and shall have the same meaning as the term "Condominium Unit" as defined in the Act.

Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference to the plural shall also be included where the same would be appropriate and vice versa.

ARTICLE IV

COMMON ELEMENTS

The Common Elements of the Project and the respective responsibilities for maintenance, decoration, repair or replacement thereof, are as follows:

Section 1. General Common Elements. The General Common Elements are:

(a) **Land.** The land described in Article II hereof, and designated on Exhibit B as General Common Elements including drives, roads, walks and parking spaces located thereon not identified as Limited Common Elements.

(b) **Electrical**. The electrical transmission system throughout the Project up to but not including the electric meter for each Unit, together with common lighting for the project and the meters which relate to the common lighting.

(c) **Exterior Lighting**. The exterior lighting system throughout the Project, including all electrical transmission lines, lighting fixtures and related equipment.

(d) **Telephone**. The telephone system throughout the Project up to the point of entry to each Unit.

(e) **Gas and Gas Meters**. The gas distribution system throughout the Project. The gas meters for the Condominium are General Common Elements and all gas expense shall be an expense of administration.

(f) **Water and Water Meters**. The water distribution system throughout the Project, including that contained within Unit walls, up to the first valve within any Unit. The water meters for the Condominium are General Common Elements and all water expense for the Condominium shall be an expense of administration.

(g) **Sanitary Sewer**. The pump station and sanitary sewer system throughout the Project, including that contained within Unit walls, up to the point of connection with any plumbing fixture trap within any Unit.

(h) **Storm Sewer**. The storm sewer system throughout the Project.

(i) **Construction**. Foundations, supporting columns, Unit perimeter walls, roofs, ceilings and floor construction between Unit levels.

(j) **Swimming Pools**. The swimming pools and their appurtenances.

(k) **Community Building**. The Community Building and its appurtenances designated as such on the Condominium Subdivision Plan.

(l) **Beneficial Easements**. All beneficial easements, if any, which may exist from time to time lying outside the Condominium Premises and which provide utilities or other services required by the Project.

(m) **Cable Television Wiring**. The cable television transmission system throughout the Project up to the point of entry into each Unit.

(n) **Fencing**. All fencing which serves the Condominium.

(o) **Other**. All elements designated as General Common Elements in the Condominium Subdivision Plan together with such other elements of the Project not herein

or in the Condominium Subdivision Plan designated as General or Limited Common Elements which are not enclosed within the boundaries of a Unit, and which are intended for common use or are necessary to the existence, upkeep and safety of the Project.

Some or all of the utility lines, systems (including mains and service leads) and equipment described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility lines, systems and equipment, shall be General Common Elements only to the extent of the Co-owners' interest therein, if any, and the Developer makes no warranty whatever with respect to the nature or extent of such interest, if any.

Section 2. Limited Common Elements. Limited Common Elements shall be subject to the exclusive use and enjoyment of the Owner(s) of the Unit to which the Limited Common Elements are appurtenant. The Limited Common Elements are:

(a) **Storage Areas.** Individual storage areas are appurtenant as Limited Common Elements to the Units to which they are respectively assigned by corresponding number in the Condominium Subdivision Plan.

(b) **Service Areas.** The entry porches, stairs and stairwells, hallways, laundry areas, utility/meter rooms, hot water tanks and the service portions of the buildings not assigned as individual Limited Common Element storage areas or designated as General Common Elements shall be restricted in use to the Owners of the Units in each such building.

(c) **Electric Meters.** Individual electric utility meters shall be Limited Common Elements respectively appurtenant to each Unit served thereby.

(d) **Interior Surfaces.** The interior surfaces of each Unit, ceilings and floors which surround each Unit, shall be subject to the exclusive use and enjoyment of the Co-owner of such Unit.

(e) **Air Conditioner Compressors.** The air conditioner compressors and the cement slabs upon which they are respectively located are limited in use to the Units respectively serviced thereby.

(f) **Carport Spaces.** Each carport parking space is appurtenant as a Limited Common Element to the Unit of corresponding number as designated on the Condominium Subdivision Plan.

(g) **Balconies.** The balconies in the Condominium are respectively appurtenant to each Unit served thereby.

(h) **Other Elements.** All other elements, if any, designated on the Condominium Subdivision Plan as Limited Common Elements.

Section 3. Responsibilities. The respective responsibilities for the maintenance, decoration, repair and replacement of the Common Elements are as follows:

(a) **Interior Surfaces.** The costs of decoration and maintenance (but not repair or replacement except in cases of Co-owner fault) of all surfaces referred to in Article IV, Section 2(d) above shall be borne by the Co-owner of each Unit to which such Limited Common Elements are appurtenant.

(b) **Air Conditioner Compressors.** All costs of maintenance, repair and replacement of the air conditioner compressors and the cement slabs on which they are located shall be borne by the Owners of the Units to which they are respectively appurtenant as described in Section 2(e) of this Article IV.

(c) **Balconies.** The costs of maintenance, repair and replacement of each balcony and patio shall be borne by each individual Co-owner to whose Unit the balcony is appurtenant; provided, however, that the Association shall cause the necessary maintenance, repairs or replacement to be performed at such time or times as it may deem appropriate and shall assess each affected Co-owner for the costs thereof.

(d) **Electric Meters.** The expense of electricity which is measured by each electric meter referred to in Article IV, Section 2(c) hereof shall be borne by the Co-owner of the Unit which is served thereby.

(e) **Other.** The costs of maintenance, operation, repair and replacement of all General and Limited Common Elements other than as described above shall be borne by the Association, subject to any provisions of the Bylaws expressly to the contrary.

Section 4. Responsibilities for Owned Elements and Property. Each Co-owner shall be individually responsible for maintenance, repair and replacement of all individually owned equipment, fixtures, appliances, heating and air conditioning equipment and ducts as well as interior partition walls, cabinetry and the like located within or outside of his Unit. Each Co-owner of a Unit shall individually pay the cost of any cable television service provided to such Unit.

Section 5. Use of Units and Common Elements. No Co-owner shall use his or her Unit or the Common Elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of his or her Unit or the Common Elements.

ARTICLE V

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

Section 1. Description of Units. Each Unit in the Condominium Project is described in this paragraph with reference to the Condominium Subdivision Plan of Lakeshore Condominium

as prepared by Progressive Architecture Engineering Planning and MDL and Associates. There are one hundred twenty-one (121) units in Lakeshore Condominium. Each Unit shall include all that space contained within the interior finished unpainted walls and ceilings and from the finished subfloor, all as shown on the floor plans and sections in the Condominium Subdivision Plan and delineated with heavy outlines. Unit numbers are set forth on the Condominium Subdivision Plan.

Section 2. Percentages of Value. The percentage of value assigned to each Unit is set forth below. Percentages of value are based upon relative Unit areas. The percentage of value assigned to each Unit shall be determinative of each Co-owner's respective share of the undivided ownership of Common Elements of the Condominium Project, the proportionate share of each respective Co-owner in the proceeds and the expenses of administration and the value of such Co-owner's vote at meetings of the Association. The total value of the Project is 100%. Unit 121 has been arbitrarily reduced by .001 to enable a total Project value of 100% but this difference shall be disregarded for purposes of voting, expense paying and ownership of Common Elements and Unit 121 shall, for such purposes, be deemed equal to all other Units having a percentage of 1.871.

<u>Unit Number</u>	<u>Percentage of Value Assigned</u>
1	.626
2	.626
3	.626
4	.626
5	.626
6	.626
7	.626
8	.626
9	.626
10	.626
11	.626
12	.626
13	.626
14	.626
15	.626
16	.626
17	.626
18	.626
19	.626
20	.626
21	.626
22	.626
23	.871
24	.871
25	.871
26	.871
27	.871

<u>Unit Number</u>	<u>Percentage of Value Assigned</u>
28	.871
29	.871
30	.871
31	.871
32	.871
33	.871
34	.871
35	.871
36	.871
37	.871
38	.871
39	.871
40	.871
41	.871
42	.871
43	.871
44	.871
45	.871
46	.871
47	.871
48	.871
49	.871
50	.871
51	.871
52	.871
53	.871
54	.871
55	.871
56	.871
57	.871
58	.871
59	.871
60	.871
61	.871
62	.871
63	.871
64	.871
65	.871
66	.871
67	.871
68	.871
69	.871
70	.871
71	.871
72	.871
73	.871
74	.871

<u>Unit Number</u>	<u>Percentage of Value Assigned</u>
75	.871
76	.871
77	.871
78	.871
79	.871
80	.871
81	.871
82	.871
83	.871
84	.871
85	.871
86	.871
87	.871
88	.871
89	.871
90	.871
91	.871
92	.871
93	.871
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100	.871
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102	.871
103	.871
104	.871
105	.871
106	.871
107	.871
108	.871
109	.871
110	.871
111	.871
112	.871
113	.871
114	.871
115	.871
116	.871
117	.871
118	.871
119	.871
120	.871
121	.870
Total	100.000

ARTICLE VI

SUBDIVISION, CONSOLIDATION AND OTHER MODIFICATIONS OF UNITS; ASSIGNMENT AND REASSIGNMENT OF LIMITED COMMON ELEMENTS

Notwithstanding any other provision of the Master Deed or the Bylaws, Units in the Condominium may be subdivided, consolidated, modified and the boundaries relocated, in accordance with Sections 48 and 49 of the Act and this Article and subject to any and all ordinances and approval rights of the City of St. Joseph. Any such changes in any affected Unit or Units shall be promptly reflected in a duly recorded amendment or amendments to this Master Deed.

Section 1. By Developer. Developer reserves the sole right during the Development and Sales Period and without the consent of any other Co-owner or any mortgagee of any Unit to take the following action:

(a) **Subdivide Units.** Subdivide or resubdivide any Units which it owns and in connection therewith to construct and install walls, floors, ceilings, utility conduits and connections and any other improvements reasonably necessary to effect the subdivision, any or all of which may be designated by the Developer as General or Limited Common Elements; such construction shall not adversely affect the structural integrity of the building nor disturb any utility connections serving Units other than temporarily. Such subdivision or resubdivision of Units shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the sole discretion of Developer, its successors or assigns.

(b) **Consolidate Contiguous Units.** Consolidate under single ownership two or more Units which are separated only by Unit perimeter walls. In connection with such consolidation, Developer may alter or remove all or portions of the intervening wall, provided that the structural integrity of the building is not affected thereby, and provided that no utility connections serving other Units are disturbed other than temporarily. Such consolidation of Units shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by Law, which amendment or amendments shall be prepared by and at the sole discretion of the Developer, its successors or assigns.

(c) **Relocate Boundaries.** Relocate any boundaries between adjoining Units, separated only by Unit perimeter walls or other Common Elements not necessary for the reasonable use of Units other than those subject to the relocation. In connection with such relocation, Developer may alter or remove all or portions of the intervening wall, provided that the structural integrity of the building is not affected thereby, and provided that no utility connections serving other Units are disturbed other than temporarily. The relocation of such boundaries shall be given effect by an appropriate amendment or amendments to this Master

Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the sole discretion of the Developer, its successors or assigns.

(d) **Amend to Effectuate Modifications.** In any amendment or amendments resulting from the exercise of the rights reserved to Developer above, each portion of the Unit or Units resulting from such subdivision, consolidation or relocation of boundaries shall be separately identified by number and the percentage of value as set forth in Article V hereof for the Unit or Units subdivided, consolidated or as to which boundaries are relocated shall be proportionately allocated to the resultant new Condominium Units in order to preserve a total value of 100% for the entire Project resulting from such amendment or amendments to this Master Deed. The precise determination of the readjustments in percentage of value shall be within the sole judgment of Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among percentages of value based upon relative size of various Units. Such amendment or amendments to the Master Deed shall also contain such further definitions of General or Limited Common Elements as may be necessary to adequately describe the buildings and Units in the Condominium Project as so subdivided. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing and to any proportionate reallocation of percentages of value of Units which Developer or its successors may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer or its successors as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording an entire Master Deed or the Exhibits hereto.

Section 2. By Co-owners. One or more Co-owners may undertake:

(a) **Subdivision of Units.** The Co-owner of a Unit may subdivide his Unit upon request to the Association in accordance with Section 49 of the Act. Upon receipt of such request, the president of the Association shall cause to be prepared an amendment to the Master Deed, duly subdividing the Unit, separately identifying the resulting Units by number or other designation, designating only the Limited or General Common Elements in connection therewith, and reallocating the percentages of value in accordance with the Co-owner's request; provided however, the sum of the percentages of the resulting Units shall equal the percentage of value previously assigned to the original Unit. The Co-owner requesting such subdivision shall bear all costs of such amendment. Such subdivision shall not become effective, however, until the amendment to the Master Deed, duly executed by the Association, has been recorded in the office of the Berrien County Register of Deeds.

(b) **Consolidation of Units; Relocation of Boundaries.** Co-owners of adjoining Units may relocate boundaries between their Units or eliminate boundaries between two or more Units upon written request to the Association in accordance with Section 48 of the Act.

Upon receipt of such request, the president of the Association shall cause to be prepared an amendment to the Master Deed duly relocating the boundaries, identifying the Units involved, reallocating percentages of value (providing a total percentage of value for the resulting Unit or Units which shall be equal to the total percentages of the original Units) and providing for conveyancing between or among the Co-owners involved in relocation of boundaries. The Co-owners requesting relocation of boundaries shall bear all costs of such amendment. Such relocation or elimination of boundaries shall not become effective, however, until the amendment to the Master Deed has been recorded in the office of the Berrien County Register of Deeds.

(c) **Municipal and Association Approvals.** By inclusion of this Article VI, Developer does not represent or warrant that the City of St. Joseph will or is required to approve the modification of any Unit whatsoever. Also, the right of a Co-owner or Co-owners to subdivide, consolidate or relocate Unit boundaries is subject to the right of Association approval pursuant to Article VI, Section 3 of the Bylaws.

Section 3. Limited Common Elements. Limited Common Elements shall be subject to assignment and reassignment in accordance with Section 39 of the Act and in furtherance of the rights to subdivide, consolidate or relocate boundaries described in this Article VI. Each Limited Common Element carport shall be initially assigned and may be subsequently reassigned in any recorded deed of conveyance to the Unit to which the carport may be appurtenant or may be individually assigned or reassigned by other recorded instrument purporting to assign or reassign the same.

ARTICLE VII

CONVERTIBLE AREAS

Section 1. Designation of Convertible Areas. All General and Limited Common Element areas labeled as such on the Condominium Subdivision Plan are hereby designated as Convertible Areas within which the Common Elements may be modified as provided herein. Also, all Unit perimeter walls (and elements contained therein), interior to each building, are convertible to the extent necessary to enable the exercise of any rights permitted to the Developer or to any Co-owners pursuant to Article VI hereof.

Section 2. Developer's Right to Construct Additional Amenities. The Developer reserves the right, from time to time, within a period ending no later than six years from the date of recording this Master Deed, to construct additional amenities as General or Limited Common Elements. Such amenities may include, but are not necessarily limited to, an additional swimming pool and related facilities, a beach access-way, additional or substitute landscaping and/or other decorative or functional features of any nature on all or any portion or portions of the Convertible Areas. The precise amenities which may be constructed and their nature, specifications, extent, size, location and other characteristics shall be determined by Developer in its sole judgment. Nothing

herein contained shall obligate the Developer to construct any additional or substituted amenities whatsoever except for an additional swimming pool, which pool must be built, with such characteristics and specifications as Developer alone shall determine, within two (2) years from the date of recording this Master Deed, unless prevented by circumstances beyond Developer's control.

Section 3. Compatibility of Improvements. All improvements constructed within the Convertible Areas described above shall be reasonably compatible with the structures on other portions of the Condominium Project.

Section 4. Amendment of Master Deed and Modification of Percentages of Value. Any exercise of convertibility rights with respect to this Condominium Project shall be given effect by appropriate amendments to this Master Deed in the manner provided by law, which amendments shall be prepared by and at the discretion of the Developer and in which the percentages of value set forth in Article V hereof shall be proportionately readjusted when applicable in order to preserve a total value of 100% for the entire Project resulting from such amendments to this Master Deed. The precise determination of the readjustments in percentages of value shall be made within the sole judgment of the Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among percentages of value based upon the original method of determining percentages of value for the Project.

Section 5. Redefinition of Common Elements. Such amendments to the Master Deed shall also contain such further definitions and redefinitions of General or Limited Common Elements as may be necessary. In connection with any such amendments, the Developer shall have the right to change the nature of any Common Element previously included in the Project for any purpose reasonably necessary to achieve the purposes of this Article.

Section 6. Consent of Interested Persons. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be proposed by the Developer to effectuate the purposes of this Article VII and to any proportionate reallocation of percentages of value of existing Units which the Developer may determine necessary in conjunction with such amendments. All such interested persons irrevocably appoint the Developer as agent and attorney for the purpose of execution of such amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording the entire Master Deed or the Exhibits hereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits hereto.

ARTICLE VIII

EASEMENTS

Section 1. Easement for Maintenance of Encroachments and Utilities. In the event any portion of a Unit or Common Element or an element owned by a Co-owner (such as heating or

air conditioning ductwork or wiring or other utility conduits) encroaches upon another Unit or Common Element due to shifting, settling or moving of a building, or due to survey errors, or original construction locations or other construction deviations, easements shall exist for the maintenance of such encroachments for so long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction. There shall be easements to, through and over those portions of the land, structures, buildings, improvements and walls (including interior Unit walls) contained therein for the continuing maintenance and repair of all utilities in the Condominium. There shall exist easements of support with respect to any Unit interior wall which supports a Common Element.

Section 2. Easements Retained by Developer. The Developer reserves the right at any time during the Development and Sales Period to grant easements for utilities over, under and across the Condominium to appropriate governmental agencies or public utility companies and to transfer title of utilities to governmental agencies or to utility companies. Any such easement or transfer of title may be conveyed by the Developer without the consent of any Co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to Exhibit B hereto, recorded in the Berrien County Records. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be required to effectuate the foregoing grant of easement or transfer of title.

Section 3. Grant of Easements by Association. The Association, acting through its lawfully constituted board of directors (including any board of directors acting prior to the Transitional Control Date) shall be empowered and obligated to grant such easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium; subject, however, to the approval of the Developer during the Development and Sales Period.

Section 4. Easements for Development, Construction, Marketing, Maintenance, Repair and Replacement. The Developer, the Association and all public or private utility companies shall have such easements over, under, across and through the Condominium Premises, including all Units and Common Elements as may be necessary to develop, construct, market and operate any Units within the land described in Article II hereof, and also to fulfill any responsibilities of maintenance, repair, decoration or replacement which they or any of them are required or permitted to perform under the Condominium Documents or by law. These easements include, without any implication of limitation, the right of the Association to obtain access during reasonable hours and upon reasonable notice to any utilities or other elements which affect other Units or Common Elements and which are located within or must be accessed through any particular Unit or its appurtenant Limited Common Elements.

Section 5. Telecommunications Agreements. The Developer, during the Development and Sales Period (and the Association thereafter), shall have the power to grant such easements, licenses and other rights of entry, use and access and to enter into any contract or agreement,

including wiring agreements, right-of-way agreements, access agreements and multi-unit agreements and, to the extent allowed by law, contracts for sharing of any installation or periodic subscriber service fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, earth antenna and similar services (collectively "Telecommunications") to the Project or any Unit therein. Notwithstanding the foregoing, in no event shall the board of directors enter into any contract or agreement or grant any easement, license or right of entry or do any other act or thing which will violate any provision of any federal, state or local law or ordinance. Any and all sums paid to the Developer during the Development and Sales Period by any telecommunications or other company or entity in connection with such service, including fees, if any, for the privilege of installing same or sharing periodic subscriber service fees, shall be the sole property of the Developer.

ARTICLE IX

AMENDMENT

This Master Deed and the Condominium Subdivision Plan may be amended with the consent of sixty-six and two-thirds (66-2/3) percent of the Co-owners, except as hereinafter set forth:

Section 1. Modification of Units or Common Elements. No Unit dimension may be modified in any material way without the consent of the Co-owner and mortgagee of such Unit nor may the nature or extent of Limited Common Elements or the responsibility for maintenance, repair or replacement thereof be modified in any material way without the written consent of the Co-owner and mortgagee of any Unit to which the same are appurtenant.

Section 2. Mortgagee Consent. Whenever a proposed amendment would materially alter or change the rights of mortgagees generally, then such amendments shall require the approval of sixty-six and two-thirds (66-2/3) percent of all first mortgagees of record, allocating one vote for each mortgage held.

Section 3. By the Developer. Pursuant to Section 90(1) of the Act, the Developer hereby reserves the right, on behalf of itself and on behalf of the Association, to amend this Master Deed and the other Condominium Documents without approval of any Co-owner or mortgagee for the purposes of correcting survey or other errors and for any other purpose unless the amendment would materially alter or change the rights of a Co-owner or mortgagee, in which event Co-owner and mortgagee consent shall be required as provided above. This reservation shall remain effective for a period of two years after the end of the Development and Sales Period.

Section 4. Change in Percentage of Value. The value of the vote of any Co-owner and the corresponding proportion of common expenses assessed against such Co-owner shall not be modified without the written consent of such Co-owner and his or her mortgagee, nor shall the percentage of value assigned to any Unit be modified without like consent, except as provided in this Master Deed or in the Bylaws.

Section 5. Termination, Vacation, Revocation or Abandonment. The Condominium Project may not be terminated, vacated, revoked or abandoned without the written consent of the Developer, eighty (80) percent of non-developer Co-owners and eighty (80) percent of first mortgagees.

Section 6. Developer Approval. During the Development and Sales Period, the Condominium Documents shall not be amended nor shall the provisions thereof be modified by any other amendment to this Master Deed without the written consent of the Developer.

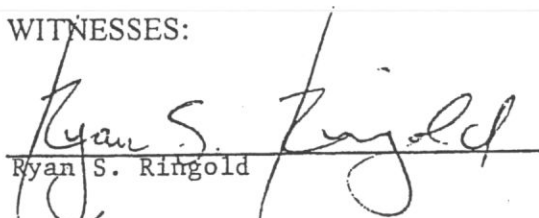
Section 7. Amendment Procedure. The procedure for amending the Master Deed shall be the same as set forth in Article XVIII of the Bylaws.

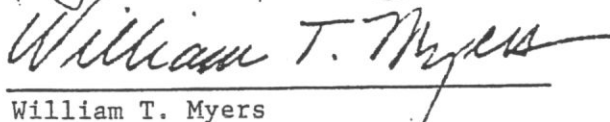
ARTICLE X

ASSIGNMENT

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the 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 to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing duly recorded in the office of the Berrien County Register of Deeds.

WITNESSES:


Ryan S. Ringold

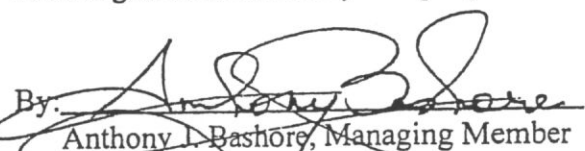

William T. Myers

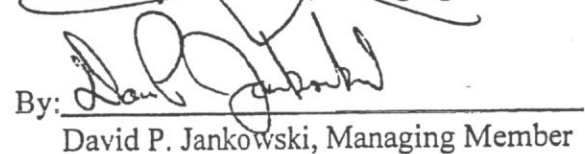
STATE OF MICHIGAN)

) SS.

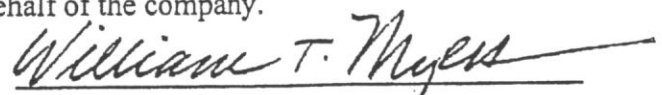
COUNTY OF OAKLAND)

LAKESHORE PROPERTY L.L.C.,
a Michigan limited liability company

By: 
Anthony J. Bashore, Managing Member

By: 
David P. Jankowski, Managing Member

On this 5th day of January, 1998, the foregoing Master Deed was acknowledged before me by Anthony J. Bashore and David P. Jankowski, Managing Members of Lakeshore Property L.L.C., a Michigan limited liability company, on behalf of the company.


William T. Myers
Notary Public, Oakland County, MI
My commission expires: August 29, 2000

Master Deed drafted by:

William T. Myers of DYKEMA GOSSETT PLLC
1577 North Woodward Avenue, Suite 300
Bloomfield Hills, Michigan 48304-2820

When recorded, return to drafter

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EXHIBIT A
LAKESHORE CONDOMINIUM
BYLAWS

ARTICLE I
ASSOCIATION OF CO-OWNERS

Lakeshore Condominium, a residential Condominium Project located in the City of St. Joseph, Berrien 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 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 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 or her 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, mortgagees 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 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 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) **Budget; Regular Assessments.** 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 payments as set forth in Section 2(c) 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 subsection 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 Association, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish such lien or the liability of any Co-owner for any existing or future assessments. Should the Association at any time decide, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient: (a) to pay the costs of operation and management of the Condominium, (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$1500.00 annually for the entire Condominium Project, or (2) that an emergency exists, the Association 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 Association 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 Association to levy assessments pursuant to this subsection shall rest solely with the Association for the benefit of 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 subsection (a) above, may be made by the Association 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 Common Elements of a cost exceeding \$1500.00 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 for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection (b) (but not including those assessments referred

to in subsection 2(a) above, which shall be levied in the sole discretion of the Association) shall not be levied without the prior approval of more than sixty (60) percent of all Co-owners in number and in value. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(c) **Apportionment of Assessments.** 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 each Co-owner's proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in periodic installments, 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.

(d) **Limitations on Assessments for Litigation.** The board of directors shall not have authority under this Article II, Section 2, or any other provision of these Bylaws or the Master Deed, to levy any assessment, or to incur any expense or legal fees with respect to any litigation, without the prior approval, by affirmative vote, of not less than 66-2/3% of all Co-owners in value and in number. This subsection shall not apply to any litigation commenced by the Association to enforce collection of delinquent assessments pursuant to Article II, Section 7 of these Bylaws. In no event shall the Developer be liable for, nor shall any Unit owned by the Developer be subject to any lien for, any assessment levied to fund the cost of asserting any claim against Developer, whether by arbitration, judicial proceeding, or otherwise.

Section 3. Developer's Responsibility for Assessments. From the date of the closing of the first sale of a Unit to a purchaser, Developer shall commence payment of the monthly Association assessment with respect to each Unit owned by it and shall pay such assessment with respect to each Unit owned by it as long as such ownership continues.

Section 4. Penalties for Default. The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. A late charge not to exceed twenty-five (\$25.00) dollars per installment may be assessed automatically by the Association upon each installment in default for ten (10) or more days until paid in full. The Association may, pursuant to Article VII, Section 4 and Article VIII hereof, levy fines for late payment of assessments in addition to such late charge. 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 or her 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 extinguish-

ment 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 5. Liens for Unpaid Assessments. Sums assessed to the Association which remain unpaid, including but not limited to regular assessments, special assessments, fines and late charges, shall constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment and upon the proceeds of sale thereof. Any such unpaid sum shall constitute a lien against the Unit as of the first day of the fiscal year to which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Co-owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act.

Section 6. Waiver of Use or Abandonment of Unit. No Co-owner may exempt him or herself from liability for Co-owner's contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of Co-owner's Unit.

Section 7. 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 Co-owner's 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 or her 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 Co-owner. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article VII, Section 4 of these Bylaws. 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. 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 or she was notified of the provisions of this subsection and that he or she 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.

(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, her 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 (1) the affiant's capacity to make the affidavit, (2) the statutory and other authority for the lien, (3) the amount outstanding (exclusive of interest, costs, attorneys' fees and future assessments), (4) the legal description of the subject Unit(s), and (5) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the Berrien County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-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 Co-owner that he or she may request a judicial hearing by bringing suit against the Association.

(d) **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 or her Unit.

Section 8. 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.

Section 9. 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 10. 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 11. 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 12. 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.

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 thereto 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 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 the parties 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 carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements and certain other portions of the Condominium Project, as set forth below, and such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

(a) **Responsibilities of Co-owners and 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. Each Co-owner may obtain insurance coverage at his or her own expense upon his or her Unit. It shall be each Co-owner's responsibility to determine by personal investigation or from his or her own insurance advisors the nature and extent of insurance coverage adequate to his or her needs and thereafter to obtain insurance coverage for his or her personal property and any additional fixtures, equipment and trim (as referred to in subsection (b) below) located within his or her Unit or elsewhere on the Condominium and for his or her personal liability for occurrences within his or her Unit or upon Limited Common Elements appurtenant to his or her Unit, and also for alternative living expense in event of fire, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(b) **Insurance of Common Elements and Fixtures.** All Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement). All information in the Association's records regarding insurance coverage shall be made

available to all Co-owners upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the board at a properly constituted meeting to change the nature and extent of any applicable coverages, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-owners of the nature and extent of all changes in coverages. Such coverage shall also include interior walls within any Unit and the pipes, wire, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accord with the plans and specifications thereof as are on file with the City of St. Joseph (or such replacements thereof as do not exceed the cost of such standard items). It shall be each Co-owner's responsibility to determine the necessity for and to obtain insurance coverage for all fixtures, equipment, trim and other items or attachments within the Unit or any Limited Common Elements appurtenant thereto which were installed in addition to said standard items (or as replacements for such standard items to the extent that replacement cost exceeded the original cost of such standard items) whether installed originally by the Developer or subsequently by the Co-owner, and the Association shall have no responsibility whatsoever for obtaining such coverage unless agreed specifically and separately between the Association and the Co-owner in writing.

(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.

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 or her 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, his or her Unit and the 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.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Determination to Reconstruct or Repair. If any part 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:

(a) **Partial Damage.** If the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenantable, unless it is determined by an affirmative vote of eighty (80) percent of the Co-owners in the Condominium that the Condominium shall be terminated.

(b) **Total Destruction.** If the Condominium is so damaged that no Unit is tenantable, the damaged property shall not be rebuilt unless eighty (80) percent or more of the Co-owners in value and in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

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 for the Project to a condition as comparable as possible to the condition 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 a part of a Unit 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 accordance with subsection (b) hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

(b) **Damage to Interior of Unit.** Each Co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his or her Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures and all appliances, whether free-standing or built-in. In the event damage to interior walls within a Co-owner's Unit, or to pipes, wires, conduits, ducts or other Common Elements therein, or to any fixtures, equipment and trim which are standard items within a Unit 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 any other interior portion of a Unit 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

part of the Common Elements, the Association promptly shall 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 provided in Section 3 hereof, the Association shall be responsible for the reconstruction, repair and maintenance of the Common Elements. 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 5. Timely Reconstruction and Repair. If damage to Common Elements or a Unit adversely affects the appearance of the Project, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property without delay, and shall complete such replacement within six 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 any taking by eminent domain:

(a) **Taking of Unit.** In the event of any taking of an entire Unit by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the Co-owner and his or her 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 or her 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 in value and in number 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 100%. Such amendment may be effected by an officer of the Association duly authorized by the Association without the necessity of execution or specific approval thereof by any Co-owner.

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

Section 7. Notification of FHLMC and FNMA. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, upon request therefor by FHLMC or FNMA, as the case may be, 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 \$10,000 in amount or damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds \$1,000.

Section 8. 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.

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 single-family residential purposes in accordance with applicable ordinances of the City of St. Joseph and the Common Elements shall be used only for purposes consistent with such single-family residential use.

Section 2. Leasing and Rental.

(a) **Right to Lease.** A Co-owner may lease his or her Unit for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Association in the manner specified in subsection (b) below. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less

than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease or other occupancy agreement, the initial term of which is at least six months, unless specifically approved in writing by the Developer during the Development and Sales Period and, thereafter, by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer and any successors to whom or which it specifically assigns these rights may lease any number of Units in the Condominium in its discretion and shall not be subject to any minimum rental term requirement.

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

(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-owner in writing.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements shall so state.

(3) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(i) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.

(ii) The Co-owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(iii) If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the Common

Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessment installments 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. Alterations and Modifications. No Co-owner shall make alterations in exterior appearance or make structural modifications to his or her Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements without the express written approval of the Association, including without limitation, exterior painting or the erection of antennas, lights, aerials, awnings, doors, shutters, or other exterior attachments or modifications. No Co-owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves, sump pumps or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access. The Association shall not approve any modifications which have a material adverse impact on the soundness, safety or appearance of the Condominium.

Section 4. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his or her Unit or on the Common Elements anything that will increase the rate 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. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 5. Pets. No domesticated pet or other animal shall be maintained by any Co-owner without the express written approval of the Association and, during the Development and Sales Period, by the Developer. In granting any such approval, the Association and the Developer shall be guided by the type, size, weight and disposition of the animal. No Co-owners shall have an absolute right to maintain a pet which shall be within the discretion of the Association and the

Developer. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No dog whose bark can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association shall have the right to adopt such reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association.

Section 6. 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 duly adopted rules and regulations of the Association. No unsightly condition shall be maintained on any patio, porch or balcony and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his or her Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 7. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, personal watercraft, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored upon the premises of the Condominium, unless parked in an area specifically designated therefor by the Association. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. Use of motorized vehicles anywhere on the Condominium Premises, other than passenger cars, authorized maintenance vehicles and commercial vehicles as provided in this Section 7, is absolutely prohibited. A Co-owner may not have more than

one guest car parked overnight on the Common Elements unless approved in writing in advance by the Association. If the Association deems it necessary to alleviate any parking shortage arising from maintenance of more than two cars by a number of Co-owners, the Association may temporarily or permanently prohibit the maintenance of more than two cars by all Co-owners.

Section 8. Advertising. No signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs, during the Development and Sales Period, and, subsequent thereto, only with prior written permission from the Association.

Section 9. Rules and Regulations. It is intended that the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the pool and other Common Elements may be made and amended from time to time by the Association, including the period of time prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners.

Section 10. Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to his or her Unit and any Limited Common Elements appurtenant thereto during all periods of absence, and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his or her Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

Section 11. 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 Association.

Section 12. Common Element Maintenance. Sidewalks, yards, landscaped areas, driveways, roads, parking areas, stairs and hallways shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements.

Section 13. Co-owner Maintenance. Each Co-owner shall maintain his or her Unit and any Limited Common Elements appurtenant thereto for which he or she has maintenance responsibility in a safe, clean and sanitary condition. 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 Common Elements in 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 him or her, or his or her 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 limited 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 14. Reserved Rights of Developer.

(a) **Prior Approval by Developer.** During the Development and Sales Period, no buildings, fences, walls, retaining walls, drives, 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 which do not affect structural elements of any Unit, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with Developer. Developer 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; and in passing upon such plans, specifications, grading or landscaping, 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 effect the same, and the degree of harmony thereof with the Condominium as a whole. 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.

(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, if any, of the Developer during the Development and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, 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 Project as may be reasonable to enable development and sale of the entire Project by Developer; and may continue to do so during the entire Development and Sales Period.

(c) **Enforcement of Bylaws.** The Condominium Project 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 interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then 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 to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period, which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

ARTICLE VII

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 attorneys' 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 or into any Unit, 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 of monetary fines for such violations in accordance with Article VIII of these Bylaws.

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 VIII

ASSESSMENT OF FINES

Section 1. General. The violation by any Co-owner, occupant or guest of any of the provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association 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 or her personal actions or the actions of his or her 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 Association, 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 X, Section 3 of these Bylaws.

(b) **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Association and offer evidence in defense of the alleged violation. The appearance before the Association 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 Association shall, by majority vote of a quorum of the board, decide whether a violation has occurred. The Association'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 Association as recited above, the following fines shall be levied:

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

(b) **Second Violation.** Twenty-Five Dollar (\$25.00) fine.

(c) **Third Violation.** Fifty Dollar (\$50.00) fine.

(d) **Fourth Violation and Subsequent Violations.** One Hundred Dollar (\$100.00) fine.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable together with the regular installment of the 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 Document including, without limitations, those described in Article II and Article VII of these Bylaws.

ARTICLE IX

MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his or her 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 assessment installments 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.

ARTICLE X

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned when voting by number and one vote, the value of which shall equal the total of the percentages allocated to the Unit(s) owned by such Co-owner as set forth in Article V of the Master Deed, when voting by value. Voting shall be by value except in those instances when voting is specifically required to be both in value and in number.

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 or she has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XIII, Section 2 of these Bylaws, 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 XI. 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 X 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. At and after the First Annual Meeting the Developer shall be entitled to one (1) vote for each Unit which it owns and for which it is paying Association maintenance expenses. If, however, the Developer elects to designate a director (or directors) pursuant to its rights under Article XIII, Section 2 (c)(1) or (2) hereof, it shall not then be entitled to also vote for the non-developer directors.

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 in number and in value 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 by a 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 50% in value 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 and may require such majority to be one of both number and value of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

ARTICLE XI

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 Association. 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 Developer and may be called at any time after more than fifty (50) percent in number of the Units in Lakeshore Condominium have been conveyed 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 in number of all Units 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 Association, 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 May 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 Association; 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 XIII of these Bylaws. 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 Association 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 X, Section 3 of these Bylaws 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 (1) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (2) 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 truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be *prima facie* evidence that such notice was given.

ARTICLE XII

ADVISORY COMMITTEE

Within one (1) 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, 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 in number and in value of the non-developer Co-owners petition the Association 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 Association 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 XIII

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The board of directors shall initially be comprised of three (3) members and shall continue to be so comprised until enlarged to five (5) members in accordance with the provisions of Section 2 hereof. Thereafter, the affairs of the Association shall be governed by a board of five (5) Directors, 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 director to the board. Immediately prior to the appointment of the first non-developer director to the board, the board shall be increased in size from three (3) persons to five (5) persons. Thereafter, 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, one of the five (5) directors shall be selected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of fifty (50%) percent in number of the Units, two of the directors shall be elected by non-developer Co-owners. When the required percentages of conveyances have been reached, the Developer shall notify the non-developer Co-owners and convene a meeting so that the Co-owners can elect the required director or directors, as the case may be. Upon certification by the Co-owners to the Developer of the director or directors so elected, the Developer shall then immediately appoint such director or directors to the board to serve until the First Annual Meeting of members unless such director is removed pursuant to Section 7 of this Article or resigns or becomes incapacitated.

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

(1) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy-five (75) percent in number of the Units, and before conveyance of ninety (90) percent of such Units, 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 as the Units that remain to be conveyed equal at least ten (10) percent of all Units in the Project. Such Developer designee, if any, shall be one of the total number of directors referred to in Section 1 above. Whenever the seventy-five (75) percent conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(2) Regardless of the percentage of Units which have been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, if title to not less than seventy-five (75) percent in number of the Units has not been conveyed, 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 maintenance expenses are payable by the Developer. This election may increase, but shall not reduce, the minimum election

and designation rights otherwise established in subparagraph (1) above. Application of this subparagraph does not require a change in the size of the board of directors.

(3) If the calculation of the percentage of members of the board of directors that the non-developer Co-owners have the right to elect under subsection (b) and subparagraph (c)(1), 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 subparagraph (c)(2) 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 subparagraph shall not eliminate the right of the Developer to designate one director as provided in subparagraph (1).

(4) At the First Annual Meeting three directors shall be elected for a term of two (2) years and two directors shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one (1) slate and the three persons receiving the highest number of votes shall be elected for a term of two (2) years and the two 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 two or three 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 of the directors elected at the First Annual Meeting) of each director shall be two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting.

(5) Once the Co-owners have acquired the right hereunder 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 XI, 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. Any action required by the Condominium Documents to be done by the Association shall be performed by action of the board of directors unless specifically required to be done by, or with the approval of, the Co-owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the board of directors shall be responsible specifically to do the following:

(a) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.

(b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

(c) To carry insurance and collect and allocate the proceeds thereof.

(d) To rebuild improvements after casualty.

(e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.

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

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of seventy-five (75) percent of all of the members of the Association in number and in value.

(h) To make rules and regulations in accordance with Article VI, Section 9 of these Bylaws.

(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.

(j) To enforce the provisions of the Condominium Documents.

Section 5. Management Agent. The board of directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the board to perform such duties and services as the board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the board of directors or the members of the Association. In no event shall the board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three (3) years, which is not terminable by the Association upon 90-day written notice thereof to the other party, or which provides for a termination fee 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 in number and in value of all of the Co-owners 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 35 percent requirement set forth in Article X, 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 any time or from time to time in its sole discretion. Likewise, any director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of directors generally.

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

Section 9. Regular Meetings. Regular meetings of the board of directors may be held at such times and places as shall be determined from time to time by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the board of directors shall be given to each director personally, by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the board of directors may be called by the president on three (3) days notice to each 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 meeting of the board shall be deemed a waiver of notice by such director 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, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon 24-hour 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 or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the board of directors as provided in the Condominium Documents.

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

ARTICLE XIV

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 person.

(a) **President.** The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the board of directors and 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 or she may in his or her 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 or her 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 or her 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 or she shall have charge of the corporate seal, if any, and of such books and papers as the board of directors may direct and 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 or she 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 or her 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 XV

SEAL

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

ARTICLE XVI

FINANCE

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 Association 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 and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XVII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement, incurred by or imposed upon him or her 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 or she may be a party or in which he or she may become involved by reason of his or her being or having been a director or officer of the Association, whether or not he or she 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 Association (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 Association shall notify all Co-owners thereof. Further, the Association is authorized to carry officers' and directors' liability insurance covering acts of the officers and directors of the Association in such amounts as it shall deem appropriate.

ARTICLE XVIII

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Association acting upon the vote of the majority of the directors or may be proposed by one-third (1/3) or more in number 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 Bylaws.

Section 3. Voting. These Bylaws 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 in number and in value. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of sixty-seven (67) percent of the first 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 Bylaws 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 Bylaws shall become effective upon recording of such amendment in the office of the Berrien County Register of Deeds.

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws 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.

ARTICLE XIX

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 XX

DEFINITIONS

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

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 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, at the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and 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 or reservation and not hereby).

ARTICLE XXII

SEVERABILITY

In the event that any of the terms, provisions or covenants of these Bylaws 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.

BERRIEN COUNTY CONDOMINIUM SUBDIVISION PLAN NO. 103
EXHIBIT "B" TO THE MASTER DEED FOR

LAKE SHORE CONDOMINIUM

CITY OF ST. JOSEPH, BERRIEN COUNTY, MICHIGAN

LEGAL DESCRIPTION

(RECORDED IN LIBER 836, PAGE 536, B.C.R.)

LAND IN THE CITY OF ST. JOSEPH, BERRIEN COUNTY, MICHIGAN, DESCRIBED AS FOLLOWS:

THAT PART OF THE FRACTIONAL NORTHWEST QUARTER (1/4) OF SECTION 3, TOWNSHIP 5 SOUTH, RANGE 19 WEST, CITY OF ST. JOSEPH, BERRIEN COUNTY, MICHIGAN, DESCRIBED AS FOLLOWS TO WIT: COMMENCING ON THE HIGHWAY, CENTERLINE 1207.5 FEET WEST AND 1399.12 FEET NORTH 11 DEGREES EAST OF THE CENTER OF SAID SECTION 3, THENCE NORTH 11 DEGREES EAST, ON SAID CENTERLINE, 825.45 FEET, THENCE WEST TO THE WATER'S EDGE OF LAKE MICHIGAN, THENCE EASTERLY ALONG SAID WATER'S EDGE OF LAKE MICHIGAN TO POINT DUE WEST OF THE PLACE OF BEGINNING, THENCE DUE EAST TO THE PLACE OF BEGINNING.

THIS SITE CONTAINS APPROXIMATELY 301085.9 SQ. FT. (6.981 ACRES) IF MEASURED TO THE TOP OF BANK OF LAKE MICHIGAN OR APPROXIMATELY 301085.9 SQ. FT. (6.981 ACRES) IF MEASURED TO THE WATER'S EDGE OF LAKE MICHIGAN AS MEASURED ON AUGUST 28, 1997. THIS SITE IS ALSO SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD AND THE RIGHTS OF THE PUBLIC OR ANY GOVERNMENTAL AGENCY OVER LAKE SHORE ROAD.

DEVELOPER

LAKESHORE PROPERTY L.L.C.,
A MICHIGAN LIMITED LIABILITY COMPANY
3628 LAKESHORE DRIVE
ST. JOSEPH, MI 49085

SURVEYOR & PREPARER

PROGRESSIVE
1811 4 MILE RD., N.E.
GRAND RAPIDS, MI 49505

INDEX OF DRAWINGS

NO.	TITLE
1	COVER SHEET
2	SURVEY PLAN
3	SITE PLAN
4	UTILITY PLAN
5	TYPICAL UNIT FLOOR PLANS - "A" & "B"
6	BUILDING CROSS SECTIONS A-A, B-B & C-C
7	COMMUNITY BUILDING PLAN
8	PERIMETER PLANS - BUILDINGS A & B
9	PERIMETER PLANS - BUILDINGS C, D & E
10	PERIMETER PLANS - BUILDINGS F, G & H
11	PERIMETER PLANS - BUILDINGS I, J & K

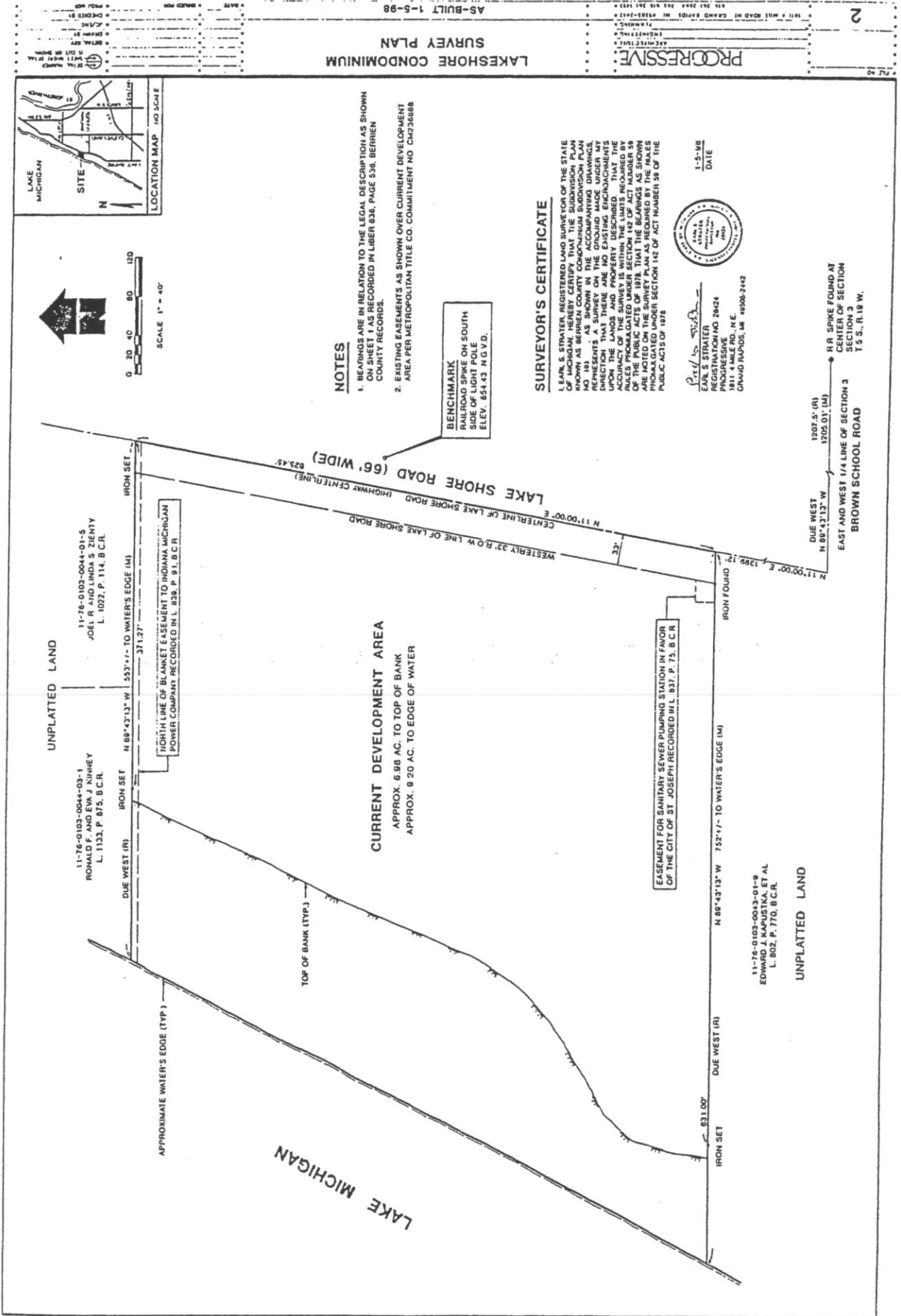


ATTENTION: COUNTY REGISTER OF DEEDS
THE CONDOMINIUM SUBDIVISION PLAN NUMBER MUST BE ASSIGNED IN CONCLUSIVE REFERENCE, WHICH A NUMBER HAS BEEN ASSIGNED TO THIS PROJECT, IT MUST BE PROPERLY SHOWN IN THE TITLE ON THIS SHEET AND IN THE SURVEYOR'S CERTIFICATE ON SHEET 2.

LAKESHORE CONDOMINIUM
COVER SHEET

AS-BUILT 1-5-98

PROGRESSIVE
SURVEYING
1811 4 MILE RD., N.E.
GRAND RAPIDS, MI 49505



UNPLATTED LAND

11-76-0103-0044-03-1
RONALD J. AND E.W. J. KIMNEY
L. 1133, P. 875, B.C.R.

11-76-0103-0044-01-5
JOEL R. AND LINDA S. ZIENTY
L. 1022, P. 114, B.C.R.

DUE WEST (R) 89°43'13" W 732°17' TO WATER'S EDGE (M)

DUE WEST (R) 89°43'13" W 553°17' TO WATER'S EDGE (M)

APPROXIMATE WATER'S EDGE (TYP.)

NORTH LINE OF BLANKET EASEMENT TO INDIANA MICHIGAN POWER COMPANY RECORDED IN L. 838, P. 91, B.C.R.

LAKE MICHIGAN

TOP OF BANK (TYP.)

CURRENT DEVELOPMENT AREA

APPROX. 6.98 AC. TO TOP OF BANK
APPROX. 9.20 AC. TO EDGE OF WATER

BENCHMARK
RAILROAD SPIKE ON SOUTH
SIDE OF LIGHT POLE
ELEV. 654.43 N.G.V.D.

NOTES

1. BEARINGS ARE IN RELATION TO THE LEGAL DESCRIPTION AS SHOWN ON SHEET 1 AS RECORDED IN LIBER 83A, PAGE 53A, BETWEEN COUNTY RECORDS.
2. EXISTING EASEMENTS AS SHOWN OVER CURRENT DEVELOPMENT AREA PER METROPOLITAN TITLE CO. COMMITMENT NO. CM236888

SURVEYOR'S CERTIFICATE

I, EARL S. STRATER, REGISTERED LAND SURVEYOR OF THE STATE OF MICHIGAN, HEREBY CERTIFY THAT THE SUBDIVISION PLAN HEREIN AS BEING SUBMITTED FOR RECORDATION IN THE PUBLIC RECORDS REPRESENTS A SURVEY ON THE GRADING MADE UNDER MY DIRECTION THAT THERE ARE NO EXISTING ENCROACHMENTS OR EASEMENTS OF ANY KIND OR CHARACTER THAT THE ACCURACY OF THE SURVEY IS WITHIN THE LIMITS REQUIRED BY THE RULES PROMULGATED UNDER SECTION 142 OF ACT NUMBER 59 OF THE PUBLIC ACTS OF 1978, THAT THE BEARINGS AS SHOWN ARE TRUE, AND THAT THE DISTANCES ARE CORRECT. THESE ARE NOTED UNDER SECTION 142 OF ACT NUMBER 59 OF THE PUBLIC ACTS OF 1978.

EASEMENT FOR SANITARY SEWER PUMPING STATION IN FAVOR OF THE CITY OF ST. JOSEPH RECORDED IN L. 837, P. 75, B.C.R.

DUE WEST (R) 89°43'13" W 732°17' TO WATER'S EDGE (M)

IRON SET

11-76-0103-0043-01-9
EDWARD J. KAPUSTKA, ET AL
L. 802, P. 770, B.C.R.

UNPLATTED LAND

DUE WEST (R) 89°43'13" W 1207°5' (R)

EAST AND WEST 1/4 LINE OF SECTION 3
BROWN SCHOOL ROAD
T. 5 S., R. 18 W.

IRON SPIKE FOUND AT
CENTER OF SECTION 3



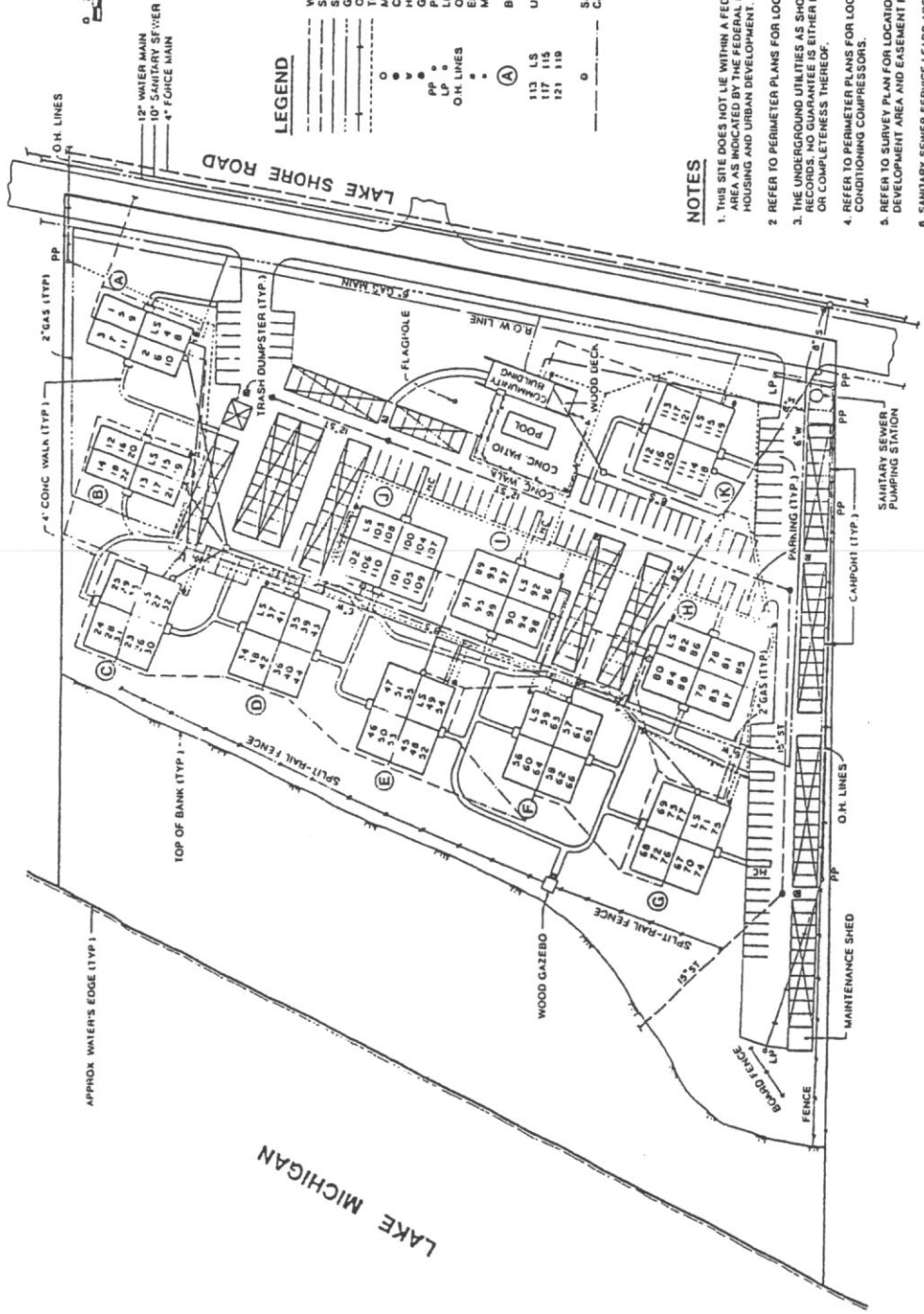
1-5-88
DATE

LAKE SHORE CONDOMINIUM
SURVEY PLAN

AS-BUILT 1-5-88

PROGRESSIVE
 1871 N. HICK ROAD IN CAMP HARBOR, MI 49829-2412
 (517) 321-2041 FAX (517) 321-2075
 PLANNING
 ENGINEERING
 ARCHITECTURE
 INTERIOR DESIGN
 LANDSCAPE ARCHITECTURE
 SURVEYING
 ENVIRONMENTAL ENGINEERING
 AS-BUILT 1-5-98

LAKE SHORE CONDOMINIUM UTILITY PLAN



LEGEND

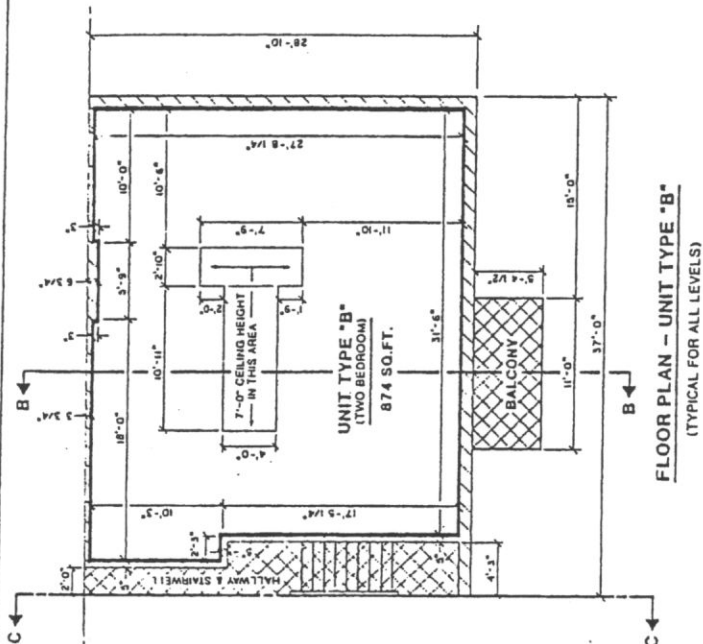
- WATER MAIN
- STORM SEWER
- SANITARY SEWER
- GAS MAIN
- OVERHEAD ELECTRIC LINES
- UNDERGROUND ELECTRIC LINES
- MANHOLE
- CATCH BASIN
- HYDRANT
- GATE VALVE
- POWER POLE
- TRANSFORMER
- OVERHEAD LINES
- ELECTRIC TRANSFORMER
- MICH. BELL TEL. CO. JUNCTION BOX
- BUILDING DESIGNATION
- UNIT DESIGNATION (SEE SITE PLAN FOR KEY)
- 113 LS
- 117 LS
- 121 LS
- 119
- SANITARY SEWER CLEAN-OUT AT BUILDING
- CABLE TELEVISION

NOTES

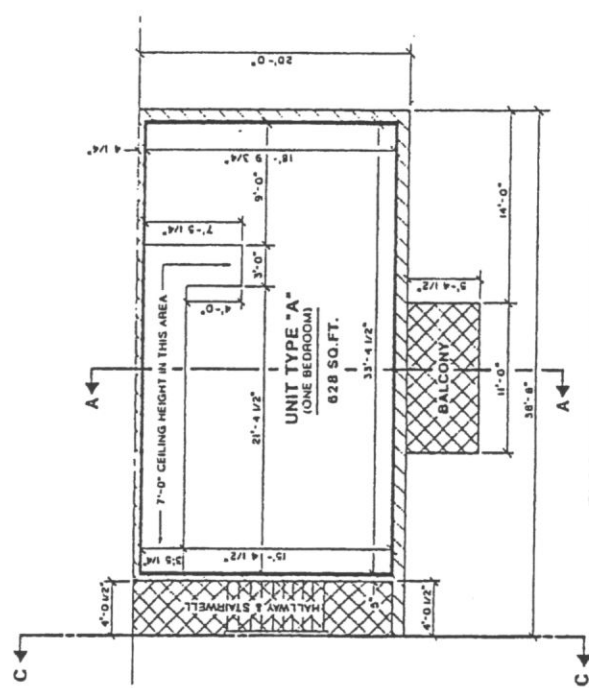
1. THIS SITE DOES NOT LIE WITHIN A FEDERALLY ESTABLISHED FLOOD PLAIN HAZARD AREA AS INDICATED BY THE FEDERAL INSURANCE ADMINISTRATION, DEPT. OF HOUSING AND URBAN DEVELOPMENT.
2. REFER TO PERMETER PLANS FOR LOCATION OF GAS, ELECTRIC AND WATER METERS
3. THE UNDERGROUND UTILITIES AS SHOWN ON THIS PLAN ARE FROM EXISTING RECORDS AND NO GUARANTEE IS EITHER EXPRESSED OR IMPLIED AS TO THE ACCURACY OR COMPLETENESS THEREOF.
4. REFER TO PERMETER PLANS FOR LOCATION OF LIMITED COMMON ELEMENT AIR CONDITIONING COMPRESSORS.
5. REFER TO SURVEY PLAN FOR LOCATION OF EXISTING EASEMENTS OVER CURRENT DEVELOPMENT AREA AND EASEMENT FOR SANITARY SEWER PUMPING STATION.
6. SANITARY SEWER SERVICE LEADS ARE 8". WATER SERVICE LEADS ARE 2".
7. GAS SERVICE LEADS TO BUILDINGS B THRU J ARE 1/2".
8. GAS SERVICE LEADS TO BUILDINGS A & K & COMMUNITY BUILDING ARE 3/8".

UTILITY	SOURCE
WATER MAIN	CITY OF ST. JOSEPH
STORM SEWER	CITY OF ST. JOSEPH
SANITARY SEWER	CITY OF ST. JOSEPH
GAS MAIN	MICHIGAN GAS UTILITIES
TELEPHONE	AMERITECH
ELECTRIC	AMERICAN ELECTRIC POWER
CABLE TV	GREEN COUNTY CABLEVISION





FLOOR PLAN - UNIT TYPE "B"
(TYPICAL FOR ALL LEVELS)



FLOOR PLAN - UNIT TYPE "A"
(TYPICAL FOR ALL LEVELS)

NOTES

- * ALL WALLS ARE 10" UNLESS OTHERWISE INDICATED.
* ALL OWNERSHIP LINE ARE 90° TO EACH OTHER.
* REFER TO PERIMETER PLANS FOR LOCATION OF LIMITED COMMON ELEMENT HALLWAYS, STAIRWELLS, ENTRY PORCHES AND UNIT STORAGE AREAS.
* ALL LEVELS* AS REFERRED TO ON FLOOR PLANS INDICATES GARDEN LEVEL, MID LEVEL AND UPPER LEVEL.
* BALCONY AS SHOWN ON FLOOR PLAN IS TYPICAL FOR MID LEVEL AND UPPER LEVEL UNITS ONLY. GARDEN LEVEL UNITS DO NOT HAVE A BALCONY OR PATIO.

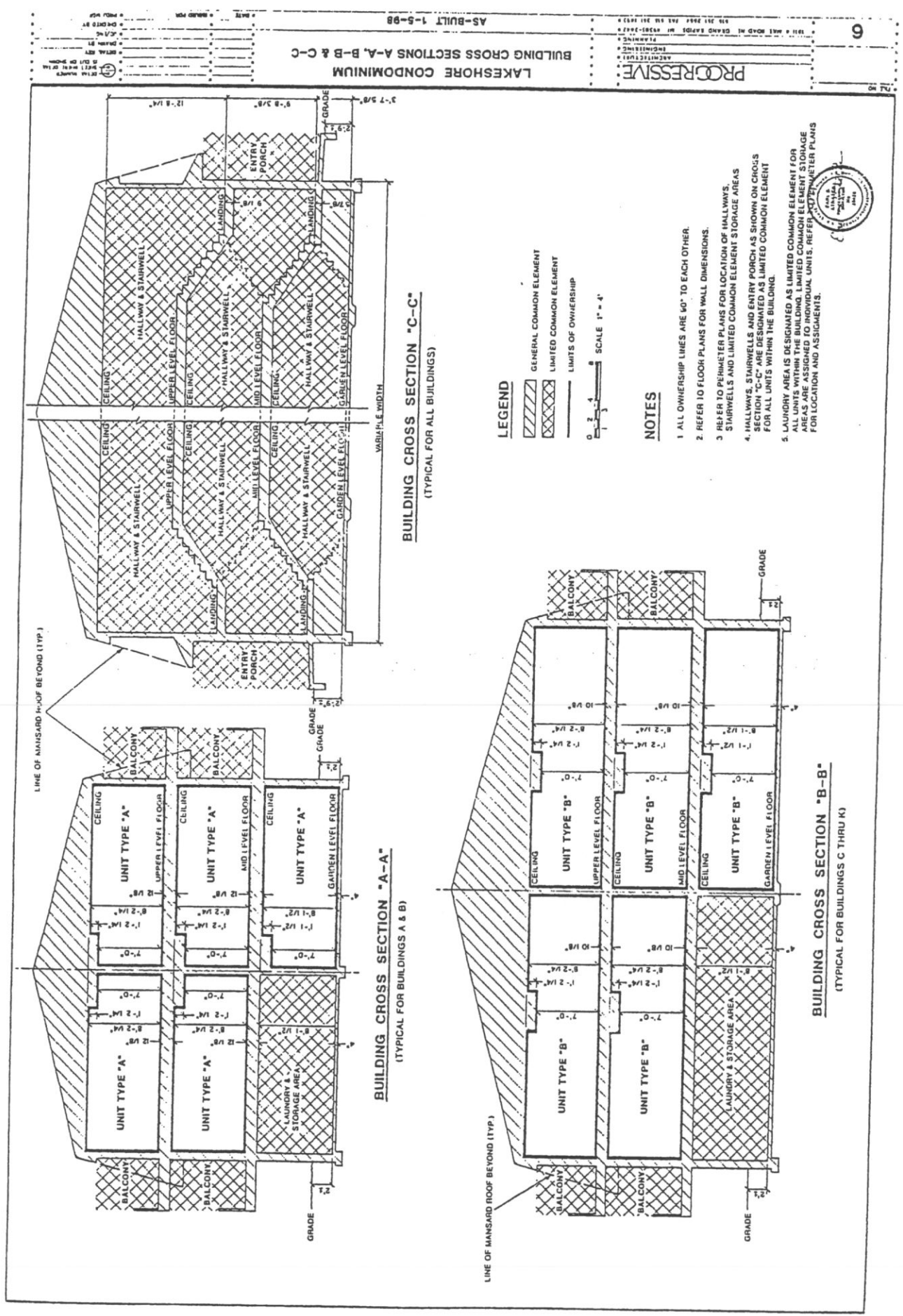
LEGEND

- | | |
|---|------------------------|
|  | GENERAL COMMON ELEMENT |
|  | LIMITED COMMON ELEMENT |
|  | LIMITS OF OWNERSHIP |



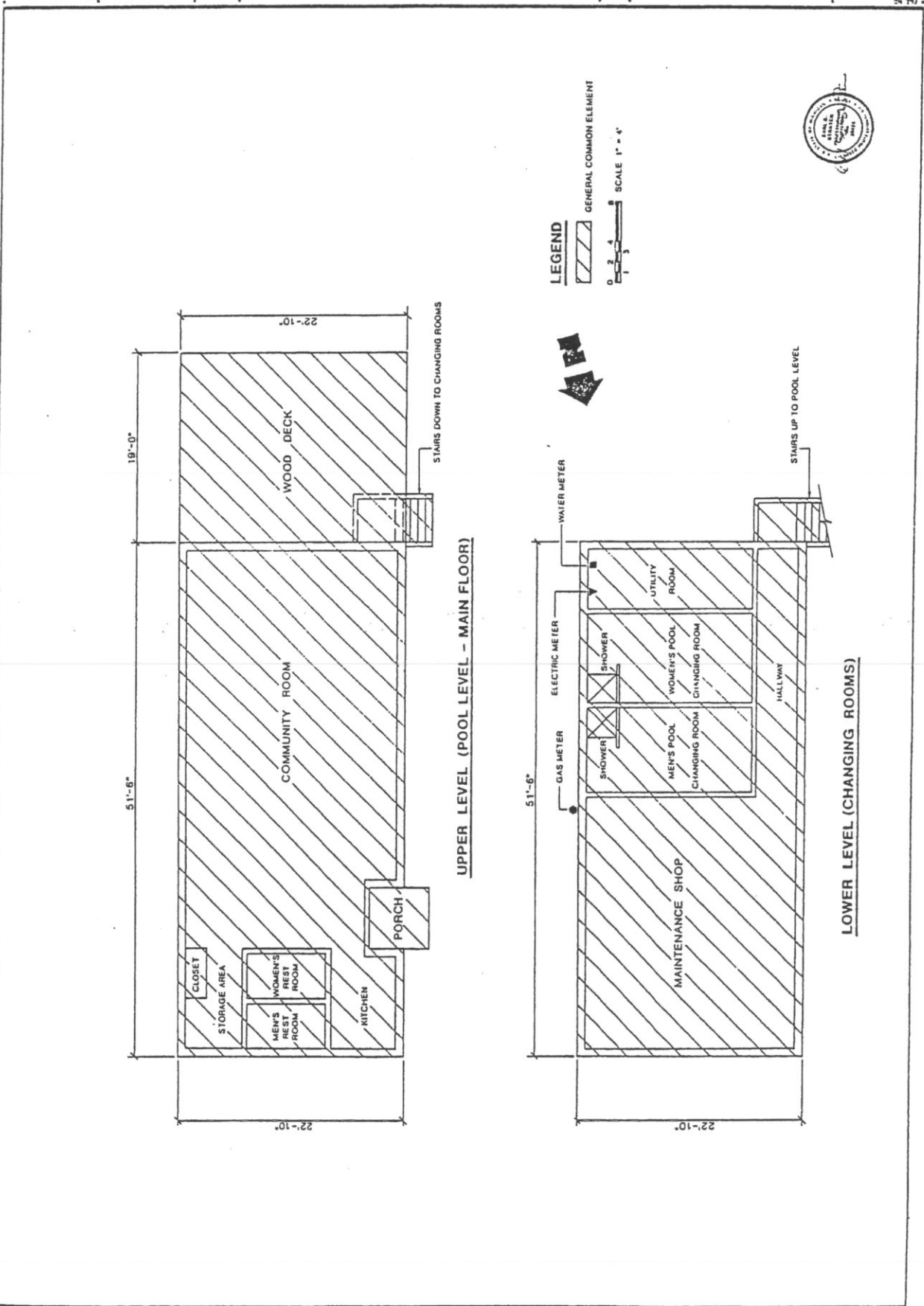
SCALE 1" = 4'

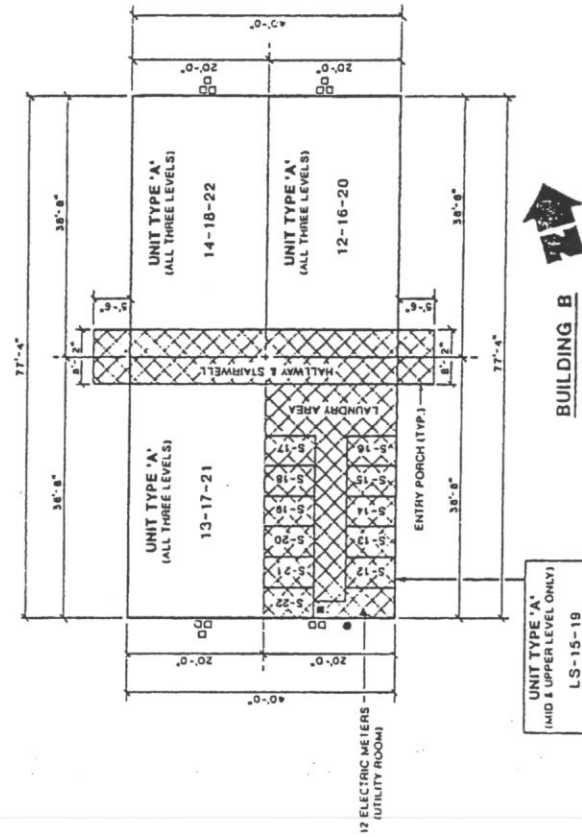




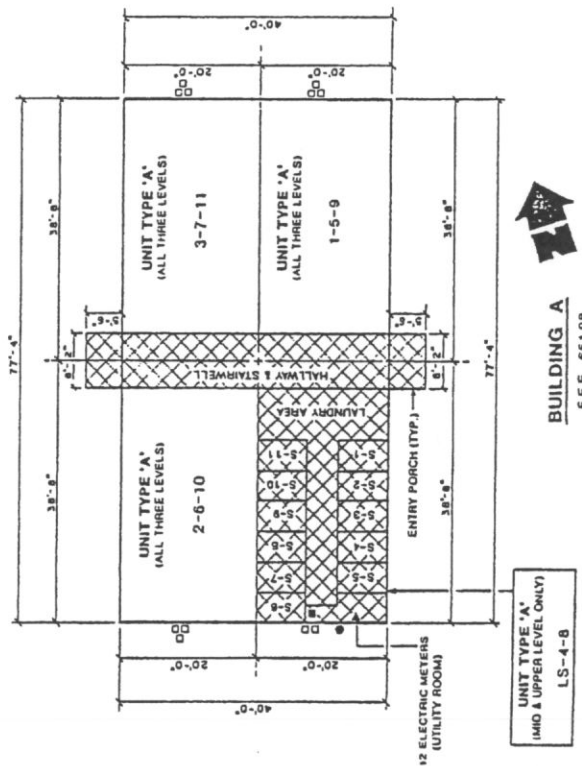
AS-BUILT 1-5-88
BUILDING CROSS SECTIONS A-A, B-B & C-C

PROGRESSIVE
ARCHITECTS
PLANNING
INCORPORATED
1014 N. HALL ROAD, SUITE 100, CHICAGO, ILL. 60614
TEL: 312/345-1234 FAX: 312/345-5678





BUILDING B
F.F.E. 653.17



BUILDING A
F.F.E. 651.98

LEGEND

- LIMITED COMMON ELEMENT
- F.F.E.
- FIRST FLOOR ELEVATION (AT GARDEN LEVEL)
- STORAGE AREA - UNIT ASSIGNMENT
- AIR CONDITIONING COMPRESSOR
- GAS METER
- ELECTRIC METER
- WATER METER
- 0 4 8 16 SCALE 1" = 8'

NOTES

1. ENTRY PORCHES, HALLWAYS & STAIRWELLS AND LAUNDRY AREA ARE DESIGNATED AS LIMITED COMMON ELEMENT TO ALL UNITS WITHIN THE BUILDING. BUILDING COMMON ELEMENT STAIRWELL AREAS ARE ASSIGNED AS SHOWN.
2. EACH UNIT WITHIN A BUILDING HAS ONE (1) ELECTRIC METER AND ONE (1) AIR CONDITIONING COMPRESSOR. THERE IS ALSO ONE (1) EXTRA ELECTRIC METER FOR GENERAL COMMON USEAGE. EACH BUILDING HAS ONE (1) GAS METER AND ONE (1) WATER METER FOR ALL UNITS WITHIN.

2-6-10

UPPER LEVEL UNIT NUMBER

MID LEVEL UNIT NUMBER

GARDEN LEVEL UNIT NUMBER

LS-4-8

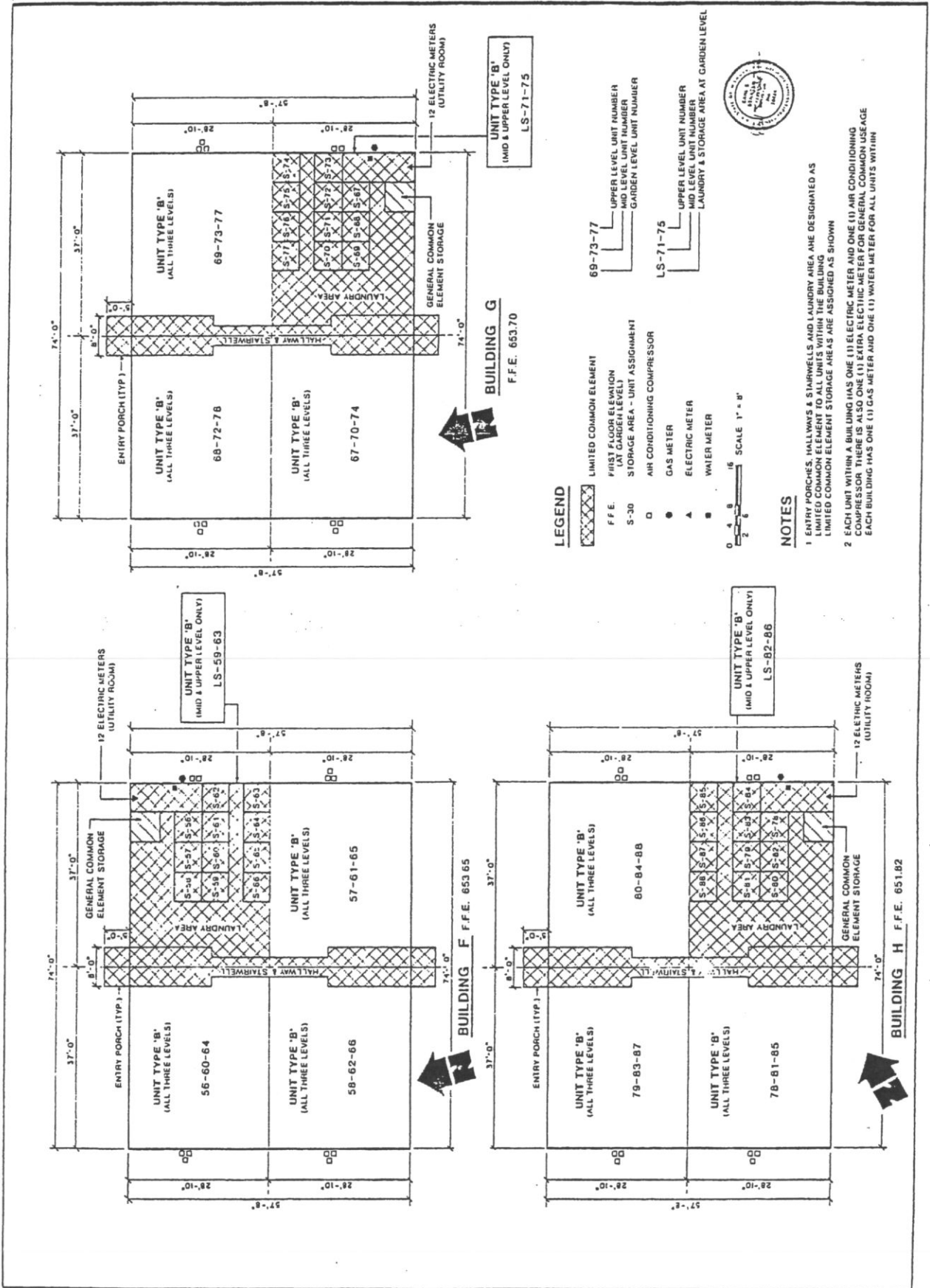
UPPER LEVEL UNIT NUMBER

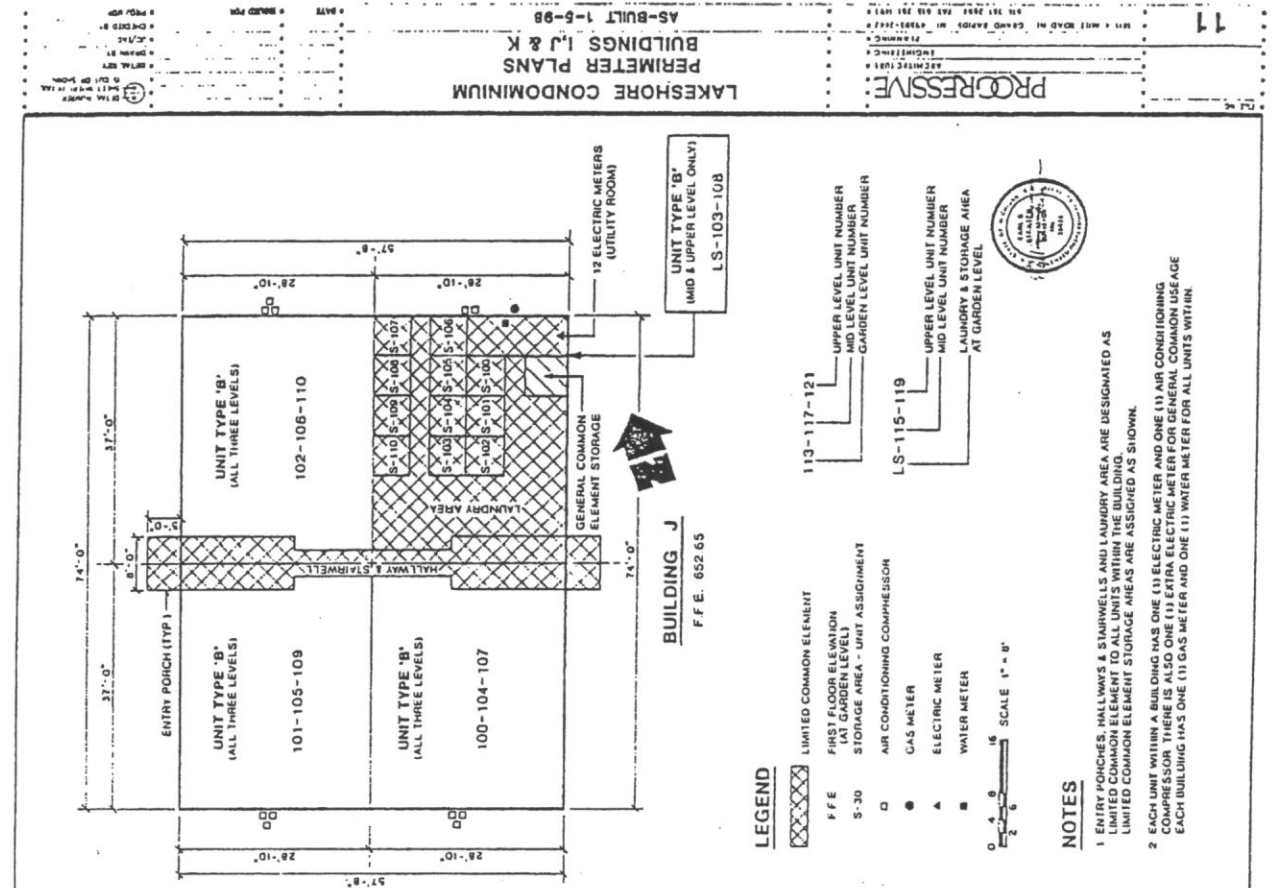
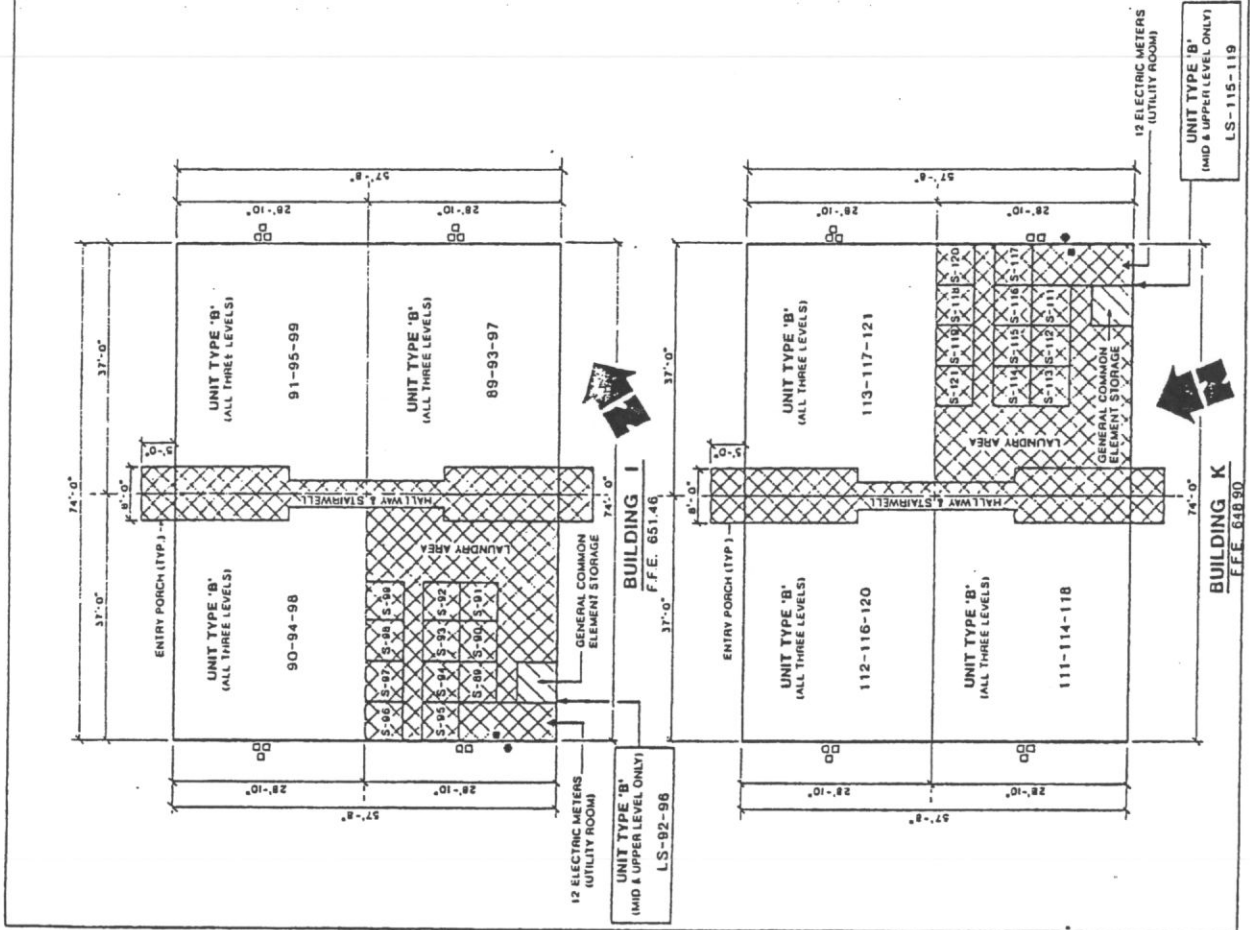
MID LEVEL UNIT NUMBER

LAUNDRY & STORAGE AREA AT









LEGEND

	LIMITED COMMON ELEMENT
F.F.E.	FIRST FLOOR ELEVATION (AT GARDEN LEVEL)
S-30	STORAGE AREA - UNIT ASSIGNMENT
	AIR CONDITIONING COMPRESSOR
	GAS METER
	ELECTRIC METER
	WATER METER
	SCALE 1" = 8'

NOTES

- ENTRY PORCHES, HALLWAYS & STAIRWELLS AND LAUNDRY AREA ARE DESIGNATED AS LIMITED COMMON ELEMENT TO ALL UNITS WITHIN THE BUILDING.
- EACH UNIT WITHIN A BUILDING HAS ONE (1) ELECTRIC METER AND ONE (1) AIR CONDITIONING COMPRESSOR. THERE IS ALSO ONE (1) EXTRA ELECTRIC METER FOR GENERAL COMMON STORAGE. EACH BUILDING HAS ONE (1) GAS METER AND ONE (1) WATER METER FOR ALL UNITS WITHIN.

LAKE SHORE CONDOMINIUM
PERIMETER PLANS
BUILDINGS J & K
AS-BUILT 1-6-98

PROGRESSIVE
ARCHITECTS
1700 W. 10TH AVE.
DENVER, CO 80202-1447
TEL: 303.733.1001 FAX: 303.733.1013

NON-PROFIT
ARTICLES OF INCORPORATION FOR LAKESHORE ASSOCIATION

#754-857
Filed 11/17/97.

These Articles of Incorporation are signed and acknowledged by the incorporator for the purpose of forming a nonprofit corporation under the provisions of Act No. 162 of the Public Acts of 1982, as follows:

ARTICLE I

NAME

The name of the corporation is Lakeshore Association.

ARTICLE II

PURPOSES

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

- (a) To manage and administer the affairs of and to maintain Lakeshore Condominium, a residential condominium project (hereinafter called "Condominium");
- (b) To levy and collect assessments against and from the members of the corporation and to use the proceeds thereof for the purposes of the corporation;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To rebuild improvements after casualty;
- (e) To contract for and employ persons, firms, or corporations to assist in management, operation, maintenance and administration of the Condominium;
- (f) To make and enforce reasonable regulations concerning the use and enjoyment of the Condominium;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and 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 corporation and in furtherance of any of the purposes of the corporation;
- (h) 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;
- (i) To enforce the provisions of the Master Deed and Bylaws of the Condominium and of these Articles of Incorporation and such Bylaws and rules and regulations of this corporation as may hereinafter be adopted;
- (j) To enter into agreements with public agencies concerning the nature and extent of use and maintenance of the Condominium premises.
- (k) To do anything required of or permitted to it as administrator of the Condominium by the Condominium Master Deed or Bylaws or by Act No. 59 of Public Acts of 1978, as amended; and
- (l) In furtherance of the foregoing purposes, 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, maintenance, repair, replacement and operation of the Condominium.

ARTICLE III

ADDRESS

The address of the first registered office is 3049 Barkman, Waterford, Michigan 48329.

ARTICLE IV

RESIDENT AGENT

The name of the first resident agent is Anthony J. Bashore.

ARTICLE V

BASIS OF ORGANIZATION AND ASSETS

The corporation is organized upon a non-stock, membership basis.

The value of assets which the corporation possesses is:

Real Property: None

Personal Property: None

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

ARTICLE VI

INCORPORATOR

The name of the incorporator is William T. Myers and his place of business is 1577 North Woodward Avenue, Suite 300, Bloomfield Hills, Michigan 48304.

ARTICLE VII

EXISTENCE

The term of corporate existence is perpetual.

ARTICLE VIII

MEMBERSHIP AND VOTING

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

- (a) The Developer of the Condominium and each Co-owner of a Unit in the Condominium shall be members of the corporation, and no other person or entity shall be entitled to membership; except that the subscriber hereto shall be a member of the corporation until such time as his membership shall terminate, as hereinafter provided.
- (b) Membership in the corporation (except with respect to the incorporator, who shall cease to be a member upon the recording of the Master Deed) shall be established by acquisition of fee simple title to a Unit in the Condominium and by recording with the Register of Deeds of Berrien County, Michigan, a deed or other instrument establishing a change of record title to such Unit and the furnishing of evidence of same satisfactory to the corporation (except that the Developer of the Condominium shall become a member immediately upon establishment of the Condominium) the new Co-owner thereby becoming a member of the corporation, and the membership of the prior Co-owner thereby being terminated. The Developer's membership shall continue until no Units remain to be created in the Condominium and until the Developer no longer owns any Unit in the Condominium.
- (c) The share of a member in the funds and assets of the corporation cannot be assigned, pledged, encumbered or transferred in any manner except as an appurtenance to his Unit in the Condominium.
- (d) Voting by members shall be in accordance with the provisions of the Bylaws of this corporation.

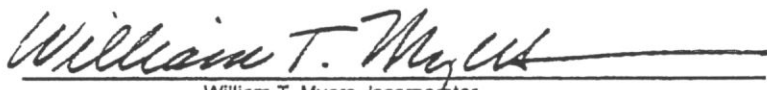
ARTICLE IX

LIMITATION OF LIABILITY OF VOLUNTEER OFFICERS AND DIRECTORS

No volunteer director or volunteer officer, as those terms are defined in Act 162, Public Acts of 1982, as amended ("Act"), shall be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as a director or officer, provided that the foregoing shall not eliminate or limit the liability of a director or officer for any of the following: (i) breach of the director's or officer's duty of loyalty to the corporation, its shareholders, or its members; (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law; (iii) a violation of Section 551(1) of the Act; (iv) a transaction from which the director derived an improper personal benefit; or (v) an act or omission that is grossly negligent. If the Act hereafter is amended to authorize the further elimination or limitation of the liability of directors or officers, then the liability of a director or officer of the corporation, in addition to the limitation on personal liability contained herein, shall be limited to the fullest extent permitted by the amended Act. No amendment or repeal of this Article IX shall apply to or have any effect on the liability of any director or officer of the corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

The corporation assumes the liability for all acts or omissions of a volunteer director, volunteer officer, or other volunteer if all of the following apply: (i) the volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority; (ii) the volunteer was acting in good faith; (iii) the volunteer's conduct did not amount to gross negligence or wilful and wanton misconduct; (iv) the volunteer's conduct was not an intentional tort; and (v) the volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed as provided in section 3135 of the Insurance Code of 1956, Act No. 218 of the Public Acts of 1956, being section 500.3135 of the Michigan Compiled Laws.

Signed this 31st day of October, 1997.


William T. Myers, Incorporator

When filed, return to:

William T. Myers of DYKEMA GOSSETT PLLC
1577 North Woodward Avenue, Suite 300
Bloomfield Hills, Michigan 48304

BH 130633.IND\ WTM

LAKESHORE CONDOMINIUM ESCROW AGREEMENT

THIS AGREEMENT is entered into as of this 20th day of October, 1997, between Lakeshore Property L.L.C., a Michigan limited liability company ("Developer"), and Stewart Title Insurance Company ("Escrow Agent") through its duly designated representative for this purpose, Metropolitan Title Company.

WHEREAS, Lakeshore Condominium will be established as a residential conversion condominium project under applicable Michigan law by recording a Master Deed therefor in Berrien County Records; and

WHEREAS, the Condominium, as presently proposed to be constituted, contains 121 residential apartment dwellings and their related improvements; and

WHEREAS, Developer is selling Condominium Units in Lakeshore Condominium and is entering into agreements for sale ("Purchase Agreements") with Purchasers for such Units in substantially the form attached hereto, and each Purchase Agreement requires that all deposits made under such Agreements be held by Escrow Agent under an Escrow Agreement; and,

WHEREAS, the parties hereto desire to enter into such an Escrow Agreement for the benefit of Developer and for the benefit of each Purchaser (hereinafter called "Purchaser") who makes deposits under a Purchase Agreement.

NOW, THEREFORE, it is agreed as follows:

1. **Initial Deposit of Funds.** Developer shall, promptly after receipt, transmit to Escrow Agent all sums deposited with it under a Purchase Agreement together with a fully executed copy of such Agreement.

2. **Release of Funds.** The sums paid to Escrow Agent under the terms of any Purchase Agreement shall be held and released to Developer or Purchaser only upon the conditions hereinafter set forth:

(a) Upon conveyance of title to a Unit from Developer to Purchaser or upon execution of a land contract between Developer and Purchaser in fulfillment of a Purchase Agreement, Escrow Agent shall release to Developer all sums held in escrow under such Agreement.

(b) In the event that the Purchaser under a Purchase Agreement shall default in making any payments required by said Agreement or in fulfilling any other obligations thereunder, for a period of ten days after written notice by Developer to Purchaser, Escrow Agent shall release sums held pursuant to said Agreement to Developer in accordance with the terms of said Agreement.

(c) If the Purchase Agreement is contingent upon Purchaser obtaining a mortgage and Purchaser fails to do so as provided therein and duly withdraws from the Purchase Agreement as a result thereof, Escrow Agent shall release all sums to Purchaser held by it pursuant to said Agreement.

(d) Escrow Agent shall be under no obligation to earn interest upon the escrowed sums held pursuant hereto. In the event that interest upon such sums is earned, however, such interest shall be separately accounted for by Escrow Agent and shall be held in escrow and paid to Developer upon termination of this Escrow Agreement.

(e) In the event that a Purchaser duly withdraws from a Purchase Agreement prior to the time that said Agreement becomes binding under paragraph 6 of the General Provisions thereof, then Escrow Agent shall, within three business days after such withdrawal, release to Purchaser all of Purchaser's deposits held thereunder.

(f) If Developer requests that all of the escrowed funds held hereunder or any part thereof be delivered to it prior to the occurrence of one or more of the foregoing events, Escrow Agent shall release all such sums to Developer in the event Developer has placed with Escrow Agent an irrevocable letter of credit drawn in favor of Escrow Agent securing repayment of said sums, in such form, substance and amount and issued by such institution as are all acceptable to the Escrow Agent. In lieu thereof, Developer may furnish other security deemed adequate by Escrow Agent, in its sole discretion.

3. **Proof of Occurrence.** Escrow Agent may require reasonable proof of occurrence of any of the events, actions, or conditions stated herein before releasing any sums held by it pursuant to any Purchase Agreement to a Purchaser thereunder, or to the Developer.

4. **Liability of Escrow Agent.** Upon making delivery of the funds deposited with Escrow Agent pursuant to any of the aforementioned Purchase Agreements and performance of the obligations and services stated therein and herein, Escrow Agent shall be released from any further liability under any such Agreement, it being expressly understood that liability is limited by the terms and provisions set forth in such Agreements and in this Agreement, and that by acceptance of this Agreement, Escrow Agent is acting in the capacity of a depository and is not, as such, responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted to it, or the marketability of title to any Unit reserved or sold under any other Agreement. It is not responsible for the failure of any bank used by it as an escrow depository for funds received by it under this escrow.

Notwithstanding any other provision herein to the contrary, Escrow Agent shall be under no obligation to release funds deposited hereunder to any party until it can satisfactorily ascertain that it has received, from the party on whom the funds are drawn, final settlement as that term is defined under the provisions of MCL 440.4101, et seq.

5. **Notices.** All notices required or permitted hereunder and all notices of change of address shall be deemed sufficient if personally delivered or sent by registered mail, postage prepaid and return receipt requested, addressed to the recipient party at the address shown below such party's signature to this Agreement or upon any of the other said Agreements. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

LAKESHORE PROPERTY L.L.C., a Michigan limited
liability company, Developer

By: 

Anthony J. Bashore, a Member
3628 Lakeshore Drive
St. Joseph, Michigan 49085

STEWART TITLE INSURANCE COMPANY,
Escrow Agent

By Its Agent: METROPOLITAN TITLE COMPANY

By: 

1400 North Woodward Avenue, Suite 170
Bloomfield Hills, Michigan 48304

LAKESHORE CONDOMINIUM MANAGEMENT AGREEMENT

THIS AGREEMENT entered into this 6th day of January, 1998, by Lakeshore Association (the "Association"), the Michigan non-profit corporation established to maintain and to manage the affairs of Lakeshore Condominium, a condominium project (the "Project") located in the City of St. Joseph, Berrien County, Michigan, which Association has its principal office at 3628 Lakeshore Drive, St. Joseph, Michigan 49085, and United Management Company, Apts., a proprietorship (the "Agent"), which has a principal office at 8100 Nathan Oscar Drive, White Lake, Michigan 48336.

WITNESSETH:

In order to assure professional management of the Project and in consideration of the terms, conditions and covenants hereinafter set forth, the parties hereto agree as follows:

1. Appointment of Agent. Pursuant to its Articles of Incorporation and to the authority granted it in Article XIII, Section 5 of the Bylaws, the Association hereby appoints the Agent and the Agent hereby accepts the appointment as exclusive managing agent of the Project subject to the terms and conditions set forth below.

2. Management Fee. The Association agrees to pay the Agent a fee of \$1,452 per month during the continuation hereof. The fee shall be payable to the Agent monthly by the 10th of each month for services rendered during the preceding month and shall constitute the Agent's total compensation for services performed by it under this Agreement during each month.

3. Duties of Agent. The duties of the Agent shall be to:

(a) Collect all regular assessments, late charges, and special assessments due from the Co-owners pursuant to the Bylaws; provided, however, that the Association shall cooperate with Agent in the collection of all such assessments.

(b) Cause to be disbursed regularly and punctually from the funds collected under paragraph (a) of this Article and deposited in the account for the Association, hereinafter provided: (1) salaries and other compensation due and payable to the employees (if any) of the Association and the taxes payable under paragraph (h) of this Article, (2) fire and other insurance premiums due under paragraph (g) hereof and (3) sums otherwise due and payable by the Association as operating expenses authorized to be incurred by the Agent under the terms of this Agreement, including the Agent's compensation.

All payments to be made by the Agent under this Agreement shall be made out of such sums as are available in the account of the Association or as may be provided by the Association. The Agent shall not be obligated to make any advance to or for the account of the Association or to pay any sum except out of the account or other funds provided as aforementioned, nor shall the Agent be obligated to incur any liability or obligation for the

account of the Association without assurance that the funds necessary for the discharge thereof will be provided.

(c) Furnish the Board of Directors (or its designees) with a schedule of all delinquent accounts on or before the 15th day of each month, and, if specifically authorized by the Board of Directors (or its designees) take such action as shall be permitted by the Bylaws and the laws of the State of Michigan to collect such delinquent assessments.

(d) Cause the buildings, grounds and appurtenances of the Project to be maintained according to such standards as may from time to time be established by the Board of Directors, including but not limited to exterior cleaning, painting and decorating, plumbing, carpentry and such other normal maintenance and repair work as may be necessary, subject to those requirements and limitations imposed by the Master Deed and Bylaws in addition to those contained herein.

For any one item of repair or replacement the expense incurred shall not exceed the sum of \$2,500.00 unless specifically authorized by the Board of Directors; provided, however, that emergency repairs, involving manifest danger to life or property, or immediately necessary for the preservation and safety of the property, or for the safety of the Co-owners, or required to avoid the suspension of any necessary service to the Project, may be made by the Agent irrespective of the cost limitation imposed by this paragraph. Notwithstanding this authority as to emergency repairs, it is understood and agreed that the Agent will, if at all possible, confer immediately with the Board of Directors regarding every such expenditure. The agent shall not incur liabilities (direct or contingent) which will at any time exceed the aggregate of \$10,000.00, or any liability maturing more than one year from the creation thereof, without first obtaining the approval of the Board of Directors.

(e) Enter into contracts for water, electricity, gas, equipment maintenance and repairs, telephone, vermin extermination, trash removal, landscaping, snow removal, supplies, chemical treatment and other necessary services, or such of them as the Board of Directors shall approve. Additionally, the Agent shall place orders for such equipment, tools, appliances, materials and supplies as are necessary properly to maintain the Project. All such contracts and orders shall be made in the name of the Association and shall be subject to the limitations set forth in paragraph (b) of this Article. When taking bids or issuing purchase orders, the Agent shall act at all times in the best interest of the Association, but the Agent shall not be responsible for obtaining the lowest price available for the service or commodity purchases pursuant to this Agreement.

(f) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal, state, county or municipal authority having jurisdiction thereover, subject to the limitations contained in paragraph (d) of this Article. The Agent, however, shall not take any action under this paragraph (f) so long as the Association is contesting, or has affirmed its intention to contest

any such order or requirement. The Agent shall promptly notify the Board of Directors in writing of all such orders and notices of requirements.

(g) Cause to be placed and kept in force all of those insurance policies required by the laws of the State of Michigan and the Bylaws, which insurance coverage shall be carried and administered in accordance with Article IV of the Bylaws. The Agent shall promptly investigate and make a full written report as to all accidents or claims for damages relating to the management, operation and maintenance of the Project, including any damage or destruction to the Project and the estimated cost of repair and shall cooperate and make any and all reports required by any insurance company in connection therewith.

(h) Prepare (or cause to be prepared) in conjunction with an accountant or a similarly qualified professional, if necessary, for execution and filing by the Association all forms, reports and returns required by law in connection with federal and state income tax, Michigan general corporation law, unemployment insurance, workmen's compensation insurance, disability benefits, social security and other similar taxes now in effect or hereafter imposed and also in connection with requirements relating to the employment of personnel.

(i) Prepare, with the assistance of an accountant or similarly qualified professional, if necessary, and in conformity with the provisions of the Bylaws, an operating budget for the forthcoming fiscal year. Each such budget shall be submitted to the Board of Directors in a final draft at least 30 days prior to the commencement of the annual period for which it has been made. Copies of the budget, upon adoption by the Board of Directors, shall be furnished to each Co-owner as provided in the Bylaws. The Agent shall use its best efforts to operate within the budget as adopted. In the event the Agent foresees a budget overrun, it shall notify the Board of Directors in writing.

(j) Bond, in a manner satisfactory to the Association, all employees of the Agent who handle or who are responsible for handling the Association's funds, without expense to the Association.

(k) Investigate, hire, pay, supervise and discharge any personnel necessary to be employed in order to properly maintain and operate the Project. Any such employees shall be employees of the Association and not the Agent. Compensation for the services of such employees shall be expenses of administration.

(l) Maintain a complete set of books and records relative to the operation of the Condominium Project in accordance with reasonable accounting practice. All such records shall be available for examination by the directors of the Association or their representatives during working hours. No independent audit of the Association's records shall be required. In the event any such audit is required by the Association, the cost of providing the same shall be paid entirely by the Association.

(m) Report at reasonable intervals to the Board of Directors regarding the maintenance and condition of the Project and attend meetings of the Association or Board of Directors at any time or times requested by the Board of Directors.

(n) Maintain records showing the complaints and service requests made by each Co-owner together with the action taken with respect to each such request. The Agent, in its discretion, or upon the request of the Board of Directors, shall report all such requests to the Board of Directors with appropriate recommendations.

(o) Establish and maintain in a bank authorized to do business in Michigan a separate bank account or accounts as agent and trustee for the Association for the deposit of the Association's funds. The Agent shall have authority to draw thereon for any payments to be made by the Agent to discharge any liabilities or obligations incurred pursuant to this Agreement and for the payment of the management fee provided herein.

(p) Do all other things which are reasonably required to maintain the Project in conformity with such standards as the Board of Directors may from time to time establish and which the Bylaws and the laws of the State of Michigan permit the Board of Directors to authorize and to delegate.

4. Indemnification and Liability of Agent. The Association hereby agrees to indemnify and save harmless Agent from all losses, expenses or damages of any nature whatsoever in connection with the management of the Project and from liability for injury to any person or property on, about or in connection with the Project from any cause whatever, unless such costs, expenses, damages or liabilities be caused by the Agent's own gross negligence or willful misconduct. The Agent shall not be liable to the Association or to any other person for any error in judgment or for doing or omitting to do any matter or thing pursuant to the terms of this Agreement except in cases of willful misconduct or gross negligence.

5. Relationship of Agent to Other Entities. Agent, its officers, employees, partners, directors, members, shareholders, trustees, beneficiaries, relatives, affiliates and others connected therewith are, or may be, officers, employees, partners, directors, members, shareholders, trustees, beneficiaries, relatives, affiliates of or otherwise related to the (a) Association, (b) the Developer of Lakeshore Condominium, (c) contractors or agencies hired by Agent which are furnishing services or supplies to Lakeshore Association. The Association, on behalf of itself and members, acknowledges and expressly consents to any and all of such relationships.

6. Assignability. The Agent may assign this Management Agreement to any other person or entity so long as such assignee shall undertake in writing to assume and perform the obligations of Agent hereunder.

7. Effective Date. This Agreement shall take effect on the day of the first conveyance to a purchaser of a Unit in Lakeshore Condominium and shall remain in full force and effect until 90 days after the First Annual Meeting of Co-owners as set forth in the Bylaws. This Agreement

shall be automatically renewed at the expiration of such period unless, within said 90-day period, the Association terminates this Agreement. Upon said renewal, this Agreement shall remain in full force and effect for a period of one year from such renewal date.

8. Termination. This Agreement shall terminate (a) upon the expiration of the term hereof, or (b) upon 30 days' prior written notice by either party to the other for cause. Notwithstanding the foregoing, however, the Association may, with 30 days' prior written notice, terminate this Agreement on the transitional control date or at any time within 90 days thereafter. The "transitional control date" means the date on which a Board of Directors for the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

In the event a petition in bankruptcy is filed by or against Agent, or in the event that it shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may terminate this Agreement, without notice to the other, but prompt advice of such action shall be given to the other party.


9. Final Accounting. Upon termination, the contracting parties shall account to each other with respect to all matters outstanding as to the date of termination and the Association shall furnish the Agent security satisfactory to the Agent against any outstanding obligations or liabilities which the Agent may have incurred hereunder.

10. Effect of Agreement. This Agreement shall constitute the entire Agreement between the contracting parties and no variance or modification thereof shall be valid and enforceable except by supplemental agreement in writing which shall be executed and approved in the same manner as this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the date and year first written.

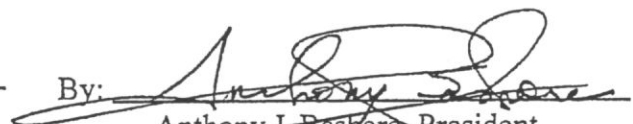
UNITED MANAGEMENT COMPANY,
APTS., Agent

By:


Robert Bashore, Proprietor

LAKESHORE ASSOCIATION,
a Michigan non-profit corporation

By:


Anthony J. Bashore, President

