

BYLAWS OF DEERWOOD VII HOMEOWNERS ASSOCIATION

ARTICLE I DEERWOOD VII HOMEOWNERS ASSOCIATION

Purpose

The purposes for which this corporation is organized shall be those specific and general purposes set forth in the Articles of Incorporation of the Association. In furtherance of such purposes, this Association shall promote and maintain the safety, property values and general well being of the members of the Association and the property of the members located within the Subdivision Development known as Deerwood VII, located in Independence Township, Oakland County, Michigan as recorded in Liber ___, pages __ through __, Oakland County Records and such additional contiguous land described in Exhibit "A" (which description includes Deerwood VII). All of the foregoing property is hereinafter referred to as the "Development".

ARTICLE II Members

Section 1. Eligibility. Every person or entity owning legal or equitable title to any real property included in Deerwood VII shall be eligible for membership in the Association. The Developer of Deerwood VII presently intends to develop, but is not obligated to develop the remainder of the land described in Exhibit "A" as single family subdivisions. In the event of such development, at Developer's election, every person owning legal or equitable title to any of said property shall become members of the Association with the same rights, duties and obligations as owners of property in Deerwood VII. No other person or entity shall be eligible for membership.

Notwithstanding the foregoing, members of the family of an eligible Association member who live with the Association member in the Development shall enjoy the benefits of Association membership.

ARTICLE III Dues and Assessments

Section 1. Dues and Assessments. Assessments shall be made by the Directors of the Association in accordance with the following schedule:

(a) For any vacant lot within the Development or any lot upon which a home has not been completed, at a rate not less than Ten and 00/100 (\$10 00) Dollars per year, and no more than Fifty and 00/100 (\$50 00) Dollars per year; and

(b) For any lot upon which there is a completed home within the Development, at a rate not less than Twenty Five and 00/100 (\$25.00) Dollars per year, and not more than Two Hundred and 00/100 (\$200.00) per year; and

(c) For any unplatted single-family land at the rate not less than of Five and 00/100 (\$5.00) Dollars per acre per year and not more than Twenty-Five and 00/100 (\$25.00) Dollars per acre per year.

The directors of the Association shall set the amount of the dues and the due date for payment of the dues.

Section 2. Adjustment of Assessments. Notwithstanding the foregoing limitation on annual dues, the Directors of the Association shall be entitled to adjust said dues by increasing the same from time to time to cover the actual or anticipated costs of all fees and charges necessary to retain legal counsel in representing the Association for the purpose of enforcing these restrictions or to take such other action deemed necessary to retain the integrity of the standards established for the Development.

Section 3. Default in Payment. In the event of failure of any lot owner to pay any assessment on or before thirty (30) days following notice to such owner of such assessment or the scheduled due date thereof, if later, then such assessment shall be deemed "delinquent" and shall bear interest at the rate of nine (9%) percent per annum from the due date thereof to the date of payment, and the Association shall have a lien on each lot against which such assessment is levied to secure payment thereof plus interest. When delinquent, payment of both principal and interest may thereafter be enforced against the owner personally or as a lien on said real estate. It shall be the duty of the Association to bring suits to enforce such liens before the expiration thereof. Whenever such assessments are deemed to be delinquent in accordance with this paragraph, the Association may, at its discretion, file certificates of nonpayment of assessments in the office of the Register of Deeds. For each certificate so filed, the Association shall be entitled to collect from the owner or owners of the real property described therein a fee of Ten and 00/100 (\$10.00) Dollars, which fee is hereby declared to be a lien upon the real estate so described in said certificate. Such fee shall be collectible in the same manner as the original assessments provided for herein and in addition to the interest and principal due thereon.

Section 4. Subordination of Liens. The liens herein provided shall be subject and subordinate to the lien of any valid mortgage or deed of trust now existing or which may hereafter be placed on said real property prior to the effective dates of such liens. In the event of the issuance of a deed pursuant to foreclosure of such mortgage or deed of trust or in lieu of foreclosure, the grantee of such deed shall take title free and clear from any liens herein provided which accrue prior to the recording of such deed.

Section 5. Lien Period. Such liens shall continue for a period of five years from the date of delinquency and no longer, unless within such time suit shall have been filed for the

collection of the assessment, in which case the lien shall continue until the termination of the suit and until the sale of the property under execution of the judgment in such suit.

ARTICLE IV
Meetings

Section 1. Meetings of the Association shall be held at a suitable place convenient to the members as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts' Rules of Order when not otherwise in conflict with the Articles of Incorporation and Bylaws of the corporation.

Section 2. The first annual meeting of the members of the corporation shall be called no later than December 31, 1998. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days written notice thereof shall be given to each member. Thereafter, the annual meeting of the members of the Association, shall be held on the third Wednesday of October of each succeeding year. At such meetings, there shall be elected by ballot of the members, a Board of Directors in accordance with the requirements of Article VII. The members may also transact such other business of the corporation as may properly come before them.

Section 3. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition, signed by one-third (1/3) of the members, presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each member, at least ten (10) days but not more than thirty (30) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each member at the address shown on the records of the Association 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 5. If any meeting of members cannot be held because a quorum is not in attendance, the members who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

ARTICLE V

Voting

Section 1. Each member shall be entitled to vote as follows:

(a) The owner of a lot shall be a Class A Member and shall be entitled to one vote regardless of the number of lots of record owned.

(b) The Developer of the Development shall be the Class B Member. The Class B Member shall be entitled to a number of votes equal to ninety-five (95%) percent of the total number of lots of record in Deerwood VII plus ninety-five (95%) percent of the single family dwelling lots contained in any subdivision which shall become a part of the Development, pursuant to the Declaration of Protective Covenants filed in Oakland County Register of Deeds at Liber 15787, page 593, as amended by the First Amendment to Declaration of Protective Covenants filed in the Oakland County Register of Deeds at Liber 16456, page 219, plus ninety-five (95%) percent of the proposed single family dwelling lots contained in any completed portion of the land described in Exhibit "A". The Class B membership shall cease upon written notice from the Developer to the Association which notice shall be given not later than December 1, 1996, nor earlier than December 1, 2010.

(c) The Association may adopt rules for the performance of its duties, for the election, powers and terms of officers and directors and for the conduct of meetings and elections, except that there shall be a separate vote for each position to be filled for officers of the Association.

(d) Notwithstanding any provision to the contrary contained herein, the Class B member shall appoint the initial members of the Architectural Control Committee and each such committee member shall serve a term of one (1) year and until his successor has been elected and has accepted such election.

In the event that a Class A member shall die, resign from the Committee, or no longer be a member of the Association, the remaining members of the Committee shall fill the vacancy so created by majority vote. The Class B member may terminate the appointment of any person designated by the Class B member and may fill the vacancy so created by appointment. Members of the Committee shall serve without compensation. The Architectural Control Committee may adopt rules for the performance of its duties and the conduct of its meetings and may appoint one or more persons to act for it between meetings.

Section 2. No member, other than the Developer, shall be entitled to vote at any meeting of the Association until he/she has presented evidence that he is a member as defined in Article II. No member shall be entitled to vote at any meeting unless he/she is current in the payment of all assessments in accordance with Article III.

Section 3. The presence in person of members holding thirty-five (35%) percent of the total number of votes, as provided for in Article V, Section 1, shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Bylaws to require a greater quorum. In cases where written voting is permitted, the written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not present in person shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any member.

Section 4. If a quorum is present, the affirmative vote of a majority of the total votes held by members at the meeting shall be the act of the Association unless a greater number of votes are required by law, the Articles of Incorporation or these Bylaws. Votes may be cast only in person except that it shall be permissible to vote by writing duly signed by the designated voting member not present at a given meeting in person. Any written notices must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Neither cumulative voting nor voting by proxy shall be permitted.

ARTICLE VI **Board of Directors**

Section 1. The affairs of the corporation shall be governed by a Board of Directors. Any Director may be reimbursed for his actual expenses incurred in the performance of his duties. The Association may purchase insurance, insuring each Director and any officer of the Association against any liability for the acts of any such Officer or Director when acting on behalf of the Association and/or in the capacity of an Officer or Director of the Association.

Section 2. The first Board of Directors shall be designated by the incorporators and shall be composed of three (3) persons and such first Board of Directors shall manage the affairs of the Association until a successor Board of Directors is elected at the first annual meeting of members of the Association convened at the time required by these Bylaws. At such first meeting of members of the Association and at each annual meeting of the Association held thereafter, three (3) Directors shall be elected for a term of one (1) year each. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 3. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Articles of Incorporation, or by these Bylaws, prohibited.

Section 4. 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 for the following:

(a) To manage and administer the affairs of and maintenance of the Association and the common areas owned by the Association.

(b) To 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 Association.

(f) To acquire, maintain and improve, and to buy, sell, convey, assign, mortgage or lease any real or personal property (including 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 or the business 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 be approved by affirmative vote of seventy-five (75%) percent of all of the votes of the Association.

(h) To enforce the provisions of the Articles of Incorporation and these Bylaws, and any protective covenants and restrictions currently in effect or hereafter adopted with respect to the property in the Development.

(i) To adopt and propose rules and regulations governing the use of any common areas owned by the Association and the personal conduct of the members relating thereto and to establish penalties for the infraction thereof.

(j) To suspend the voting rights and the right of the use of the common areas owned by the Association of a member during any period during which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended for a period not to exceed sixty (60) days for infraction of proposed rules and regulations.

Section 5. Vacancies in the Board of Directors (including the first Board of Directors) 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 remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 6. 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 7. 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 one such meeting 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 8. 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 any one Director.

Section 9. Before at, or after 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 of a Director at any meetings of the Board shall be deemed a waiver of notice. 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 10. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. 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 the purposes of determining a quorum.

Section 11. All of the actions (including without limitation, the adoption of these Bylaws and any Rules and Regulations for the corporation, and any undertakings or contracts entered into with others on behalf of the corporation) of the first Board of Directors of the Association or any successors thereto elected before the first annual meeting of members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors, duly elected by the members of the Association at the first or any subsequent annual meeting of members so long as such actions are within the scope of the powers and duties which may be exercised by the Board of Directors as provided in the Articles of Incorporation or Bylaws of the Association.

Section 12. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

Section 13. Action taken at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though taken at a meeting duly held after regular

call and notice, if a quorum be present and if, either before or after the meeting, each of the Directors or members of such committee not present shall sign a written waiver of notice, a consent to holding of such meeting or an approval of the minutes thereof. Any action required or permitted to be taken at an annual or special meeting of the Directors may be taken without a meeting, without prior notice and without a vote, if all of the Directors entitled to vote thereon, consent thereto in writing. Any such waiver, consent or other writing shall be incorporated in the appropriate minute book of the corporation.

ARTICLE VII Officers

Section 1. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer, all of whom shall serve without compensation if they are members of the Board of Directors. The Directors may appoint an assistant Treasurer and an assistant Secretary and such other officers as in their judgment may be necessary. Any two (2) offices except that of President and Vice President may be held by one (1) person.

Section 2. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or any special meeting of the Board called for such purpose.

Section 4. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of the Association, including but not limited to the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

Section 5. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither President nor Vice President is able to act, the Board of Directors shall appoint some other member of the Board of do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the corporate seal and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary.

Section 7. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, in such depositaries as may from time to time be designated by the Board of Directors.

Section 8. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE VIII **Finances**

Section 1. The fiscal year of the corporation 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 2. The funds of the corporation shall be deposited in such bank as may be designated by the Directors and shall be withdrawn only upon the check or other draft of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time.

Section 3. The Association shall keep detailed books of account pertaining of the administration of the Association. Such accounts shall be open for inspection by the members during reasonable working hours and shall be examined annually by such certified public accounting firm as the Board of Directors may select. The scope and extent of the examination of the books provided by the Corporation's accountants shall be determined in the discretion of the Board. The cost of any such examination shall be an expense of administration.

Section 4. Each year, the Board of Directors shall levy the annual assessments as provided for in the Agreement.

Section 5. The Association may enforce collection of annual or special assessments which are delinquent for more than thirty (30) days by suit at law for a money judgment against the title holder or the land contract vendee or by foreclosure of the lien securing payment in the same manner that real estate mortgages may be foreclosed by action under Michigan law. In an action for foreclosure, a receiver may be appointed to collect a reasonable rental for the property from the co-owner thereof or any persons claiming under him. The expenses incurred in collecting taxes or other liens paid by the Association to protect its lien, shall be chargeable to the owner in default, and shall be secured by the lien on his property. An owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues, nor shall he be entitled to use of the common areas owned by the Association.

ARTICLE IX
Indemnification of Officers and Directors

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he/she may be a party, or in which he/she may become involved, by reason of his or her being or having been an officer or director of the Association, to the fullest extent permitted or allowed under the laws of the State of Michigan. 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. The Association may purchase insurance to protect officers, directors and employees from liability for their actions as officers, directors and employees.

ARTICLE X
Amendments

Section 1. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third or more in number of the votes of the Association whether meeting as members or by instrument in writing signed by them.

Section 2. Upon any such amendment being proposed, a meeting for the consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. These Bylaws may be amended by the Association at any regular annual meeting or a special meeting called for such purpose, by an affirmative vote of seventy-five percent of all of the qualified votes of the Association.

Section 4. At any meeting held to consider such amendment or amendments to these Bylaws, the witnessed and notarized written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting providing such written vote is delivered to the Secretary of the Association at or prior to such meeting.

Section 5. Prior to the first annual meeting of members, these Bylaws may be amended by the first Board of Directors upon proposal of amendments by the Developer of the Development or any member of the Board of Directors without approval from any other person provided such amendments to these Bylaws do not unreasonably increase or decrease the benefits or obligations, or materially affect the rights of any member of the Association.

Section 6. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption.

ARTICLE XI
Severability

In the event that any of the terms, provisions or covenants of these Bylaws or the Association documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holdings 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.

ADOPTED: June ____, 1998