

**EAST LANSING CITY CENTER CONDOMINIUM**

**BYLAWS**



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# EAST LANSING CITY CENTER CONDOMINIUM

## BYLAWS

### ARTICLE I DEFINITIONS

Capitalized terms used herein and not otherwise defined shall have the following meanings:

“Act” means the Michigan Condominium Act, being Act 59 of the Public Acts of Michigan of 1978, as amended.

“Answer” means any affirmative defenses to the Demand.

“Association” means the East Lansing City Center Condominium Association, a Michigan non-profit corporation, of which the Co-owners shall be members, which Association shall administer the Condominium.

“Board of Directors” means the board of director of the Association, constituted as provided in Article II, Section 4 hereof.

“Budget” means the annual budget for the Association established by the Board of Directors in accordance with Article III hereof.

“Building” means the building to be constructed on the Land by the Developer in connection with the establishment of the Condominium.

“Bylaws” means these bylaws, being the bylaws of both the Condominium and the Association.

“Claimant” means any party claiming injury for which they assert another Party is responsible.

“Commercial Limited Common Elements” means the Limited Common Elements reserved for us by the Co-owners of the Commercial Units, consisting of the exterior

windows and doors, the natural gas delivery system and the electrical, mechanical and heating, ventilation and air conditioning systems exclusively serving the Commercial Units.

“Commercial Co-Owners” means the Co-owners of the Commercial Units.

“Commercial Unit” means any one the Units located on the ground floor of the Building and reserved for commercial use only.

“Common Elements” means the portions of the Condominium other than the Units.

“Condominium” means East Lansing City Center Condominium, a mixed use residential and commercial condominium established pursuant to the provisions of the Act, which includes the Land and all improvements and structures thereon, including, without limitation, the Building, and all easements, rights and appurtenances belonging to the Condominium.

“Condominium Documents” wherever used, means and includes these Bylaws, the Master Deed and the exhibits thereto, and the Articles of Incorporation of the Association.

“Condominium Subdivision Plan” means the plan attached to the Master Deed as Exhibit B. The Condominium Subdivision Plan assigns a number to each Unit and includes a description of the nature, location and approximate size of certain Common Elements.

“Co-owner” means a person, firm, corporation, partnership, association, trust, limited liability company, or other legal entity or any combination thereof who or which owns one or more Units in the Condominium.

“Demand” means a demand for arbitration submitted to the American Arbitration Association.

“Developer” means City Center Partners, L.L.C., a Michigan corporation, its successors or assigns.

"Director" means a member of the Board of Directors.

"First Annual Meeting" means the initial meeting of the Association at which Co-owners other than the Developer are permitted to vote for the election of directors and upon all other matters which properly may be brought before the meeting. Such meeting (i) may be held at any time, in the Developer's sole discretion, after fifty percent (50%) of the then existing Units are sold, and (ii) must be held within one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-Owners of twenty-five percent (25%) of the Percentage of Value of Units that may be created hereunder.

"General Common Elements" means the Common Elements other than the Limited Common Elements. The General Common Elements are partially enumerated in Article 4 of the Master Deed.

"Land" means the land comprising the Condominium, particularly described in Article 3 of the Master Deed.

"Limited Common Elements" means the portion of the Common Elements reserved in the Master Deed for the exclusive use of less than all of the Co-owners, including, without limitation, the Residential Limited Common Elements and the Commercial Limited Common Elements, all as enumerated in Article 4 of the Master Deed.

"Master Deed" means this document which, when recorded, shall establish the Condominium in accordance with the Act.

"Modified Rules" means the Rules and those modifications contained herein.

"Mortgagee" means the named mortgagee or owner of any mortgage on all or any portion of the Condominium or any Unit therein.

"Parking Easement" means the easement granted by the City of East Lansing, Michigan to the Association for purpose of allowing access for the Co-owners and Permitted Occupants to the parking deck owned by such city and located adjacent to the Building.



“Party” or “Parties” means the persons or entities which are subject to any claim for arbitration.

“Percentage of Value” means the percentage assigned to each Condominium Unit in Article 6 of the Master Deed.

“Person” means an individual, firm, corporation, partnership, association, trust, limited liability company, the state or an agency of the state or other legal entity, or any combination thereof.

“Residential Limited Common Elements” means the Limited Common Elements reserved for use by the Residential Co-owners, consisting of (a) the interior hallways and doors and the exterior windows on the second, third and fourth floors of the Building, (b) the elevator serving such floors, (c) the lobby on the ground floor of the Building that provides access to such elevator, (d) the electrical, mechanical and heating, ventilation and air conditioning systems exclusively serving the Residential Units and the second, third and fourth floors of the Building, (e) two of the three stairwells serving the Building, being those located at the northern and southern ends of the Building, (f) the refuse disposal areas located on each floor of the Building, (g) the unit storage areas located on the ground floor of the Building, (h) the fitness center, business center and community room respectively located on the second, third and fourth floors of the building and marked as such on the Condominium Subdivision Plan, and (i) the exterior door leading to the public parking garage adjacent to the Building.

“Residential Co-owner” means the Co-owners of the Residential Units.

“Residential Unit” means the Units located on other than the ground floor of the Building and reserved for residential use only.

“Respondent” means all Parties subject to arbitration other than the Claimant and the American Arbitration Association.

“Rules” means the Commercial Arbitration Rules of the American Arbitration Association.

“Sales Period” means the period commencing with the recording of this Master Deed and continuing for so long as the Developer owns any Unit which it offers for sale.

"Transitional Control Date" means the date on which a Board of Directors 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.

"Unit" means the enclosed space constituting a single complete Unit designed and intended for separate ownership and use in the Condominium as such space may be described in the Condominium Subdivision Plan.

## ARTICLE II OPERATION OF ASSOCIATION

Section 1. Association of Co-owners. The Condominium shall be administered by the Association, which shall be 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 Sections 3(8) and 53 of the Act, as amended, and these Bylaws of the Association provided for under the Michigan Nonprofit Corporation Act, as amended. 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 such Co-owner's Unit. The Association shall keep current copies of the Master Deed for the Condominium, all amendments to the Master Deed and other Condominium Documents for the Condominium available at reasonable hours to Co-owners, prospective purchasers and prospective Mortgagees of Units in the Condominium project. All Co-owners 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 Condominium Documents.

Section 2. Membership and Voting Except as provided in Section 5 with respect to the election of the Board of Directors, Membership in the Association and voting by members of the Association shall be in accordance with the following provisions:

(a) Each Co-owner, including the Developer while it owns any Unit, shall be a member of the Association and no other Person shall be entitled to membership.

(b) Each Co-owner shall be entitled to one vote for each Unit owned, the value of which shall equal the Percentage of Value assigned to each Unit in the Master Deed. Voting shall be by Percentage of Value unless otherwise expressly required by the Condominium Documents or by law. In the case of any Unit owned jointly by more than

one Co-owner, the voting right appurtenant to that Unit may be exercised jointly as a single vote or may be split if all the joint Co-owners of the Unit so agree in writing. Notwithstanding the foregoing, matters submitted to the member Co-Owners and relating only to the Residential Units or only to the Commercial Units must be approved by a majority of the Residential Co-Owners or the Commercial Co-owners respectively affected thereby.

(c) No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until the Co-owner has presented evidence of ownership of a Unit in the Condominium to the Association. No Co-owner, other than the Developer, shall be entitled to vote prior to the First Annual Meeting of Co-owners held in accordance with Section 6 of this Article I except as specifically provided in Section 7 hereof. The vote of each Co-owner may only be cast by the individual representative designated by such Co-owner in the notice required in subparagraph (d) below or by a proxy given by such individual representative.

(d) 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 Unit or Units owned by the Co-owner, and the name and address of each Person who or which 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. At any meeting the filing of such written notice as a prerequisite to voting may be waived by the chairman of the meeting.

(e) There shall be an annual meeting of the Co-owners commencing with the First Annual Meeting held as provided in Section 6 of this Article I. Notice of the time, place and subject matter of all meetings shall be given by mailing the same to each individual representative designated by the respective Co-owners pursuant to the foregoing subsection (d).

(f) The presence in person or by proxy of more than fifty percent (50%) of Percentage of Value of both the Residential Co-owners and the Commercial Co-owners shall constitute a quorum for holding a meeting of the members of the Association; provided, however, to the extent any meeting is called with respect to any matter affecting only the Residential Co-owners or the Commercial Co-owners, the presence in person or by proxy of more than fifty percent (50%) of the Percentage of Value held by the affected class of Co-owners shall constitute a quorum for consideration of such matter. The written vote of any Co-owner furnished at or prior to any duly called meeting at which meeting said Co-owner 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.

(g) Votes may be cast in person or by proxy 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 Co-owners. Cumulative voting shall not be permitted.

(h) Unless otherwise required by law or by the Condominium Documents, any action which could be authorized at a meeting of the Co-owners shall be authorized by the affirmative vote by written ballot of more than fifty (50%) of the Percentage in Value of both the Residential Units and the Commercial Units; provided, however, that to the extent any matter is submitted for approval that affects only the Residential Co-owners or the Commercial Co-owners, the affirmative vote by written ballot of more than fifty percent (50%) of the Percentage of Value held by the affected class of Co-owners shall constitute approval of such matter.

(i) The foregoing provisions of this Section and any other provision of the Master Deed or these Bylaws requiring the approval of a majority (or other stated percentage) of the members shall be construed to mean, unless otherwise specifically stated, a majority (or other stated percentage) of Percentage of Value of the votes cast by those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the Co-owners duly called and held.

Section 3. Books and Records. The Developer, and after the Transitional Control Date, the Board of Directors shall keep detailed books of account showing all expenditures and receipts of the Condominium and its administration which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association. All books, records and contracts of the Association shall be available for examination by any of the Co-owners and their Mortgagees during convenient times. The Association shall cause such books and records to be audited or reviewed at least annually by independent accountants; provided, however, that such audits need not be certified. Within one-hundred and twenty (120) days after the end of each of its fiscal years, the Association shall prepare and distribute to each Co-owner and to any requesting Mortgagee a financial statement for the Association, the contents of which shall be defined by the Association. The Association shall keep current copies of the Master Deed establishing the Condominium and all amendments to the Master Deed and all other Condominium Documents available for inspection at reasonable hours by Co-owners, prospective purchasers of Units and existing and prospective Mortgagees of Units.

Section 4. Board of Directors.

(a) The affairs of the Association shall be governed by a Board of Directors, all of whom shall serve without compensation. Directors must be members of the Association, except for the first Board of Directors designated by the incorporator of

the Association and any successors thereto appointed prior to the First Annual Meeting of Co-owners held pursuant to Section 6 of this Article I. If a member is a partnership, corporation, or limited liability company, then any owner or employee of the partnership, or officer, director or employee of the corporation, or member or employee of the limited liability company, as the case may be, shall be qualified to serve as a Director.

(b) 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 of the then existing Units, at least one Director and not less than twenty-five (25%) percent of the Board of Directors shall be elected by non-Developer Co-owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of fifty (50%) percent of the then existing Units, not less than thirty-three and one-third (33-1/3%) percent of the Board of Directors shall be elected by non-Developer Co-owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of seventy-five (75%) percent of the then existing Units, and before conveyance of ninety (90%) percent of such Units, the First Annual Meeting shall be called and 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 Director as long as the Developer owns and offers for sale at least ten (10%) percent of the Units or as long as ten (10%) percent of the Units remain that may be created under the Master Deed.

(c) Notwithstanding the formula provided in the foregoing subsection (b), fifty-four (54) months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit, if title to not less than seventy-five (75%) percent of the then existing Units has not been conveyed, the First Annual Meeting shall be called and the non-Developer Co-owners have the right to elect as provided in the Condominium Documents, a number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer has the right to elect, as provided in the Condominium Documents, a number of members of the Board equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in the foregoing subsection (b). Application of this subsection does not require a change in the size of the Board as determined in the Condominium Documents.

(d) If the calculation of the percentage of members of the Board that the non-Developer Co-owners have the right to elect under the foregoing subsection (b), or if the product of the number of members of the board multiplied by the percentage of Units held by the non-Developer Co-owners under the foregoing subsection (c) results in a right of non-Developer Co-owners to elect a fractional number of members of the Board, then a fractional election right of five-tenths (0.5) or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board 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. Application of this subsection shall not eliminate the right of the Developer to designate one member as provided in the foregoing subsection (b).

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(e) From and after the date of the First Annual Meeting, the Board of Directors shall consist of three (3) classes. The first class shall be made up of the number of Directors to which the Developer is entitled under the foregoing subsections of this Section; provided, however, that such class shall seek to exist when that number becomes less than one (1). The second class shall be elected by a majority of Co-owners of Residential Units. The third class shall be elected by a majority of the Co-owners of the Commercial Units.

(f) The number of persons on the Board of Directors shall not be less than five (5), nor greater than nine (9). After subtracting the number of Directors to which the Developer is entitled pursuant to the foregoing subsections of this Section, the number of persons elected by the Co-owners of the Commercial Units shall be equal to the remaining number of Directors, multiplied by the aggregate Percentage of Value of the Commercial Units; provided, however, that in no event shall the number of such persons be less than one (1). The Co-owners of the Residential Units shall elect the remainder of the persons on the Board of Directors.

(g) The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all acts and things necessary thereto subject to the provisions of the Master Deed, these Bylaws, the Articles of Incorporation of the Association and applicable laws. In addition to the foregoing general duties, the Board of Directors shall be responsible specifically for the following:

(1) To manage and administer the affairs of and maintain the Condominium and the Common Elements.

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

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

(4) To rebuild Common Elements after casualty.

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

(6) To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including,

without limitation, Units, easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(7) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the Association.

(8) To make rules and regulations in accordance with Article VII, Section 7 of these Bylaws.

(9) 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.

(10) To make rules and regulations and to enter into agreements with institutional lenders the purposes of which are to obtain mortgage financing for Unit Co-owners.

(11) To enforce the provisions of the Master Deed, these Bylaws, the Articles of Incorporation of the Association and any duly adopted rules and regulations.

(h) The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity affiliated with the Developer) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize. In no event may the Board enter into any contract for management, the maximum term of which is greater than five (5) years. In addition to the foregoing, any contract for management or other services by and between the Association and the Developer, or any affiliate of the Developer, shall provide that such contract is voidable by the Board of Directors on the Transitional Control Date or within ninety (90) days thereafter, and on thirty (30) days' notice at any time thereafter for cause. To the extent any management contract entered into before the Transitional Control Date extends beyond one year after the Transitional Control Date, the excess period under the contract may be voided by the Board of Directors by notice to the management agent at least thirty (30) days before the expiration of the one year period.

(i) All of the actions (including, without limitation, the adoption of these Bylaws and any rules and regulations for the Association, and any undertakings or contracts entered into with others on behalf of the Association) of the first Board of Directors appointed by its incorporator or any successors thereto appointed before the First Annual Meeting of Co-owners 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 Co-owners.

Section 5. Officers. The Board of Directors shall provide for the designation, number, terms of office, qualifications, manner of election and duties of the officers of the Association. At a minimum, the Board of Directors shall appoint a President, Secretary and Treasurer, having, in addition to the other duties described for each elsewhere herein, the following duties:

(a) The President shall be responsible to the Board of Directors for the general supervision and management of the business and affairs of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect.

(b) The Secretary shall attend all meetings of the Board of Directors, and shall preserve in the books of the Association true minutes of the proceedings of all such meetings. The Secretary shall safely keep in his or her custody the seal of the Association, if any, and shall have authority to affix the same to all instruments where its use is required or permitted. The Secretary shall give all notices required by the Act, these Bylaws or resolutions.

(c) The Treasurer shall have custody of all Association funds and shall keep in books belonging to the Association full and accurate accounts of all receipts and disbursements. The Treasurer shall deposit all moneys, securities and other valuable effects in the name of the Association in such depositories as may be designated for that purpose by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors whenever requested an account of all his or her transactions and of the financial condition of the Association. If required by the Board of Directors, the Treasurer shall keep in force a bond in form, amount and with a surety or sureties satisfactory to the Board of Directors, conditioned for faithful performance of the duties of his or her office, and for restoration to the Association in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and property of whatever kind in his or her possession or under his or her control belonging to the Association.

Each officer of the Association shall hold office for the term for which he or she is elected or appointed and until his or her successor is elected or appointed and qualified, or until his or her resignation or removal. An officer elected or appointed by the Board of Directors may be removed by the Board with or without cause at any time. An officer may resign by written notice to the Association. The resignation is effective upon its receipt by the Association or at a subsequent time specified in the notice of resignation. Any vacancy occurring in any office of the Association shall be filled by the Board of Directors. Officers shall not be compensated.



Section 6. Meetings.

(a) 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 designed by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order or some other generally recognized manual of parliamentary procedure when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

(b) The First Annual Meeting of members of the Association may be convened only by the Developer and (i) may be called at any time after more than fifty percent (50%) of the then existing Units in the Condominium have been sold and the purchasers thereof qualified as members of the Association, and (ii) must be held within one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of twenty-five percent (25%) of the Percentage of Value of Units that may be created under the Master Deed. The Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members, and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-owner.

(c) Annual meetings of members of the Association shall be held in the month of September of each succeeding year after the year in which the First Annual Meeting is held, on such date and at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article II, Section 4 of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

(d) It shall be the duty of the President of the Association to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3rd) of the Co-owners presented to the Secretary of the Association. If the President fails or refuses to call a special meeting within thirty (30) days after receipt of any such petition, or such shorter time (but in no event less than ten (10) days after delivery of the petition to the Secretary of the Association), as may be requested in any such petition, then the Co-owners submitting such petition may call such special meeting by giving notice thereof to the remaining Co-owners. 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.

(e) It shall be the duty of the Secretary of the Association (or another Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purposes 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 II, Section 2 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.

(f) 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.

(g) The order of business at all meetings of the members shall be as follows:

(1) roll call to determine the voting power represented at the meeting;

(2) proof of notice of meeting or waiver of notice;

(3) reading of minutes of preceding meeting;

(4) reports of officers;

(5) reports of committees;

(6) election of Directors (at annual meeting or special meetings held for such purpose);

(7) unfinished business; and

(8) 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 the President, any Vice President (if any), the Secretary and the Treasurer.

(h) 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. The Association shall solicit ballots in the same manner as provided in Section 6 of this Article II for the giving of notice of meetings of members. Such solicitations shall specify:

(1) the number of responses needed to meet the quorum requirements;

(2) the Percentage in Value of affirmative ballots necessary to approve the action; and

(3) the time by which the ballots must be received in order to be counted.

(4) The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (x) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (y) 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.

(i) 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 Association's records or made a part of the minutes of the meeting.

(j) Minutes or a similar record of the proceedings of meetings of members, when signed by the President or the Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meetings that notice of the meeting was properly given shall be *prima facie* evidence that such notice was given.

Section 7. Advisory Committee. Notwithstanding the fact that the First Annual Meeting may not have been called, an advisory committee of non-Developer Co-owners shall be established either one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of one-third (1/3rd) of the then existing Units, or one year after the initial conveyance of legal or equitable title to a non-Developer Co-owner of a Unit, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the non-Developer Co-owners. The advisory committee shall cease to exist when a majority of the Board of Directors of Co-owners is elected by the non-Developer Co-owners.

ARTICLE III  
ASSESSMENTS

Section 1. Assessments. 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 operating expenses of the Association.

Section 2. Expenditures and Receipts. Expenditures affecting administration of the Condominium shall include all costs incurred in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Condominium. Receipts affecting administration of the Condominium shall include all sums received as proceeds of, or pursuant to, a policy of insurance securing the interests of the Co-owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of the Condominium.

Section 3. Annual Budget.

(a) The Board of Directors of the Association shall establish the Budget in advance for each fiscal year and the Budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, and maintenance of the Condominium, 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 by the Association on a periodic basis must be established in the Budget and must be funded by regular payments as set forth in Section 4, below, rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual Budget on a non-cumulative basis. The Association should carefully analyze the needs and requirements of the Condominium 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 the Budget by the Board of Directors, copies of the Budget shall be delivered to each Co-owner and the assessment for the year shall be established based upon the Budget, although the delivery of the copy of the Budget to the Co-owner shall not affect the liability of any Co-owner for any existing or future assessments. If the Board of Directors, at any time determines, in its sole discretion, that the assessments levied are or may prove to be insufficient (i) to pay the costs of operation and management of the Condominium, (ii) to provide repairs or replacements of existing Common Elements, (iii) to provide additions to the Common Elements not exceeding [\$10,000.00] per year for the entire Condominium or (iv) in the event of emergencies, then the Board of Directors shall have the authority to increase the general assessment or to levy additional assessment(s) as it shall deem necessary. The Board of Directors also shall have the authority, without Co-owner consent, to levy assessments for repair and reconstruction in the event of casualty pursuant to the provisions of Article VI hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this Article shall rest

solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by an creditors of the Association or the members thereof.

Section 4. Apportionment of Assessments and Penalty for Default.

(a) All assessments levied against the Co-owners to pay expenses of administration of the Condominium shall be apportioned among and paid by the Co-owners as follows:

(1) The expenses of the Association for the maintenance, repair and replacement of the General Common Elements shall be allocated among all the Co-owners in proportion to Percentage of Value assigned to each such Co-owner's Unit; provided, however, that individual Co-owners shall be responsible for any damage to the General Common Elements caused by such Co-owner's act or negligence, or the act or negligence of a Co-owner's guests, invitees, contractors, employees or agents.

(2) The expenses of the Association for the maintenance, repair and replacement of the Residential Limited Common Elements shall be allocated among all the Residential Co-owners in proportion to the relative Percentages of Value assigned to each such Residential Co-owner's Residential Unit in Section 4.3.2 of the Master Deed.

(3) The expenses of the Association for the maintenance, repair and replacement of the Commercial Limited Common Elements shall be allocated among all the Commercial Co-owners in proportion to the relative Percentages of Value assigned to each such Commercial Co-owner's Unit in Section 4.3.3 of the Master Deed.

(4) The expenses of the Association for the maintenance, repair and replacement of any Limited Common Elements appurtenant only to a single Unit shall be allocated to the Co-owner of such Unit.

(5) The expenses of the Association relating to the Walkway Easement shall be allocated among all the Residential Co-owners in proportion to Percentage of Value assigned to each such Co-owner's Unit.

Annual assessments shall be payable by Co-owners in twelve (12) equal monthly installments.

(b) Notwithstanding any other provisions of the Condominium Documents to the contrary, the Developer shall not pay regular monthly assessments for Units which are unoccupied, but shall only reimburse the Association for current maintenance expenses actually incurred by the Association from time to time (excluding reserves) for utility maintenance, landscaping, sign lighting and snow removal but excluding management fees and expenses related to maintenance and use of those Units that are not owned by the Developer. For purposes of the foregoing sentence, the

Developer's proportionate share of such expenses shall be based upon the ratio of all such unoccupied Units at the time the expense is incurred to the total number of Units in the Condominium. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to such unoccupied Units. Any assessments levied by the Association against the Developer for other purposes shall be void without the Developer's prior written consent. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs.

(c) The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear interest at the rate of ten (10%) percent per annum or the maximum rate of legal interest permitted by law until paid in full. The Association may levy reasonable late charges or fines for late payment in addition to interest, including assessment of fines for chronic or continuing late payment of assessments. Payments on account of installments of assessments in default shall be applied as follows:

- (1) the costs of collection and enforcement of payment, including actual attorneys' fees;
- (2) to any interest charges and fines for late payment on the installments; and
- (3) to installments in default in order of their due dates.

Each Co-owner (whether one or more persons) shall be personally liable for the payment of all assessments levied against the Unit (including interest, fines for late payment, late charges and all cost of collection and enforcement). A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve, account or other asset of the Association. Sums assessed to a Co-owner which are unpaid constitute a lien upon the Unit or Units in the Condominium owned by the Co-owner at the time of the assessment before other liens except tax liens on such Unit in favor of any state or federal taxing authority and sums unpaid on the first mortgage of record, except that past due assessments which are evidenced by a notice of lien have priority over a first mortgage recorded subsequent to the recording of the notice of lien. The lien upon each Unit owned by the Co-owner shall be in the amount assessed against the Unit. The lien may be foreclosed by an action or by advertisement by the Association in the name of the Condominium on behalf of the other Co-owners.

Section 5. Liability for Contribution. No Co-owner shall be exempt from liability for contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of a Unit.

Section 6. Enforcement and Foreclosure.

(a) 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. Each Co-owner, and every other Person who or which from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien 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 this reference for the purposes of establishing the 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 or which from time to time has any interest in the Condominium, 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 Michigan law. The Association, acting on behalf of all Co-owners, may bid in at the foreclosure sale, and acquire, hold, lease, mortgage, or convey the subject Unit. 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, plus any late charges, shall be chargeable to the Co-owner in default and shall be secured by the lien on such Co-owner's Unit. In the event of default by any Co-owner in the payment of any installment of the annual assessment, 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 may also 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 vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to take possession of such Co-owner's Unit if such Unit is not occupied by such Co-owner and to lease such Unit and collect and apply the rental therefrom.

(b) Notwithstanding the foregoing, neither a foreclosure action nor a suit at law for a money judgment shall be commenced until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at their last known address of a written notice that one or more installments of the annual assessment or any special assessment(s) 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 notice of lien in affidavit form executed by an authorized representative or attorney of the Association that sets forth: (i) the affiant's capacity to make the affidavit; (ii) the statutory and other authority of the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Unit(s) and (v) the name(s) of the Co-owner(s) of record. The notice of lien shall be recorded in the Office of the Register of Deeds of Ingham County prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notice the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

Section 7. Liability for Assessments in the Event of Foreclosure. Notwithstanding any other provisions of the Master Deed, these Bylaws, or the Articles of Incorporation of the Association, if the holder of a first mortgage of record or other purchaser of a Unit obtains title to such Unit as a result of foreclosure of the first mortgage, such Person and its successors and assigns, is not liable for the assessments by the Association chargeable to the Unit which became due prior to the acquisition of title to the Unit by such Person and the expiration of the period of redemption from such foreclosure. The unpaid assessments are deemed to be common expenses collectible from all of the Co-owner including such Person and its successors and assigns.

Section 8. Notice of Foreclosure. The Association may not commence proceedings to foreclose a lien for unpaid assessments without recording and serving a notice of lien in the following manner:

(a) The notice of lien shall set forth the legal description of the Unit or Units to which the lien attaches, the name of the Co-owner of record thereof, the amount due the Association as of the date of the notice, exclusive of interest, costs, attorneys fees and future assessments.

(b) The notice of lien shall be in recordable form, executed by an authorized representative of the Association, and may contain such other information as the Association deems appropriate.

(c) The notice of lien shall be recorded in the Ingham County Records and shall be served upon the delinquent Co-owner by first class mail, postage prepaid, addressed to the last known address of the Co-owner at least ten (10) days in advance of the commencement of the foreclosure proceedings.

Section 9. Payment of Assessments Upon Sale or Conveyance. Upon the sale or conveyance of a Unit, all unpaid assessments, including, in the case of delinquent



assessments, all interest, costs, actual attorney's fees (not limited to statutory fees) and advances for taxes and other liens paid by the Association to protect its lien against such Unit, shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan or any subdivision thereof for taxes or special assessments due and unpaid on the Unit, and (b) payments due under first mortgages having priority thereto. A purchaser of a Unit is entitled to a written statement from the Association setting forth the amount of unpaid assessments outstanding against such Unit and the purchaser is not liable for any unpaid assessment in excess of the amount set forth in such written statement, nor shall such Unit be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the Association as provided herein at least five (5) days before the sale shall be liable for any unpaid assessments against such Unit together with interest, costs and attorneys' fees and expenses incurred in connection with the collection thereof.

#### ARTICLE IV CLAIMS

Section 1. Rights Of The Association. Actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium.

Section 2. Mandatory Arbitration With The Developer. Developer and the predecessor of the Association have endeavored to negotiate the Condominium Documents so as to ensure, to the extent reasonably possible, that the Condominium, Association and the Co-owners each operate the Condominium in an efficient manner most likely to minimize disputes between and among them. To this end, Developer, the Association, the Board of Directors and Co-owners and occupants of any Unit acknowledge and agree (by taking ownership or occupancy of a Unit) that to the extent permitted by applicable law, any claim which might be the subject of a civil action against the Developer which involves an amount of \$2,500 or more and arises out of or relates to the Condominium, a Unit or a Purchase Agreement for a Unit, or which involves any claim by the Association against the Developer in excess of \$10,000 and arises out of or relates to the Common Elements of the Condominium, shall be settled by binding arbitration. The arbitration shall be conducted in accordance with applicable law, the currently applicable rules of the America Arbitration Association and the provisions of this Article. The Arbitrator shall have the right and authority to grant interim and injunctive relief of all such disputes. Judgment upon the award(s) by arbitration may be entered in a circuit court of appropriate jurisdiction.

Section 3. Co-Owner Approval. The commencement of any arbitration against the Developer shall require the approval of a majority in number and in value of the Co-owners at the time the claim is made, and shall be governed by the requirements of this Article IV.

Section 4. Location And Governing Rules. Any arbitration conducted pursuant to these Bylaws shall be held in Ingham County, Michigan. Arbitration will be held pursuant to the Rules currently in effect except as modified by these Bylaws or any future agreement for alternative dispute resolution between the parties.

Section 5. Modification Of Rules. It is expressly understood between the Parties that the Modified Rules shall control the process and disposition of arbitration pursuant to these Bylaws and shall be specifically enforced by the arbitrator subject only to any discretion granted herein. The arbitrator shall have authority to waive enforcement of the Modified Rules only if a Party seeking such waiver shows both good cause for the need to waive such rules and that such waiver will serve substantial justice. It is further the intent of the Parties that the time limitations and filing deadlines contained in these Bylaws shall be enforced.

Section 6. Demand And Claim. Within a reasonable time, but (to the extent permitted by applicable law) in no event later than one year, of learning of a controversy or claim subject to these Bylaws, the Claimant shall submit a Demand. The Demand must include the following:

- (a) A specific statement of facts;
- (b) A specific computation of all damages claimed to have been sustained by the Claimant; and
- (c) A specific statement setting forth the reason why Claimant believes that the other Party is responsible for such damages including listing any and all contract or other provisions of the Condominium Documents or applicable law alleged to have been violated and any and all legal theories which support the claimed injury.

No Demand which fails to meet these provisions will be considered effective or will be considered a tolling period contained in these Bylaws or any statute of limitations. The Demand shall be served both on the American Arbitration Association and the Respondent.

Section 7. Response To Demand And Claim. Within twenty-eight (28) days of receiving the Demand, Respondent shall answer the Demand specifically setting forth:

- (a) A specific response to the facts contained in the Demand;

(b) Any legal theories which support the conclusion that the Respondent is not responsible for such claimed damages; or

(c) The Answer.

At such time, Respondent shall also submit any counter-demand. Such counter-demand must meet the requirements of the proceeding paragraph.

Section 8. Arbitration Procedure. Within thirty (30) days of receiving the Answer, the American Arbitration Association shall appoint an arbitrator or arbitrators pursuant to Rule 13 of the Rules. Within ten (10) days of the appointment of the arbitrator, the arbitrator(s) shall hold a telephone conference to establish a scheduling and discovery order setting forth dates for the following events:

(a) The exchange of documents;

(b) The exchange of witness lists; and

(c) The date for arbitration.

Section 9. Discovery. No other discovery shall be conducted unless otherwise provided by the Rules or as mutually agreed to between the Parties involved in such arbitration. It is expressly agreed between the Parties that efficiency and speed are of primary importance to each Party. Therefore, the waiver or modification of the time limits contained herein or the adjournment of matters set forth herein shall not be possible without approval of the arbitrator. The arbitrator shall only provide such approval in extreme circumstances.

Section 10. Conduct Of Hearings. The arbitrator shall have sole discretion with respect to the conduct of the hearings, to conduct a hearing or hearings pursuant to the Rules except that the arbitrator is, subject to his discretion, encouraged to conduct an attorney conference (with or without the Parties) at the start of the hearing for the purpose of focusing on the issues in dispute and the evidence necessary to resolve such issues.

Section 11. Binding Effect Of Award. The Arbitrator's(s') award shall be final and binding on all Parties and a judgment upon such award may be entered and enforced in any court having jurisdiction.

ARTICLE V  
INSURANCE

Section 1. Extent Of Coverage. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Condominium, carry liability insurance and worker's compensation insurance in minimum amounts to be determined by the Association in its discretion, but in no event less than what is customary for a project of this type. The Association shall carry any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the Common Elements of the Condominium and the administration of the Condominium. The Board of Directors shall have the right to require that the Association carry officer's and director's liability insurance in such amounts determined by the Board of Directors. Such insurance shall be carried and administered in accordance with the following provisions:

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

(b) All General Common Elements and Limited Common Elements of the Condominium shall be insured against fire and other perils covered by a standard extended coverage endorsement, replacement value with an agreed amount endorsement, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

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

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

(e) When a claim is made on any of the insurance policies maintained by the Association which is subject to a deductible amount, the deductible amount shall be paid by the Co-owner of the damaged Unit or appurtenant Limited Common Element

sustaining the damage. In the case of damage to a General Common Element, the deductible shall be paid by the Association.

Section 2. Authority Of Association To Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning insurance pertinent to the Condominium and the General Common Elements appurtenant thereto, with such insurers as may from time to time provide such insurance for the Condominium. Without limiting the generality of the foregoing, the Association as said attorney, to the extent authorized by the Board of Directors, 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 Developer, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to settle all insurance claims, to execute releases of liability and to execute all documents and to do all things on behalf of the Co-owners and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibilities Of Co-Owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the Unit owned by such Co-owner and for the Co-owner's personal property located therein or thereon or elsewhere on the Condominium. All policies shall contain standard mortgage clauses naming the mortgagees or the servicers of mortgages, as the case may be. There is no responsibility on the part of the Association to insure any such improvements or personal property whatsoever. All insurance each Co-owner is required to carry shall be an amount equal to the full replacement value, excluding foundation and excavation costs. Each Co-owner shall be obligated to obtain insurance coverage for personal liability for occurrences associated with his Unit (naming the Association and, during the Sales Period, the Developer as additional insureds), and also for any other personal insurance coverage that the Co-owner wishes to carry. Such insurance shall be carried in such minimum amounts as may be specified by the Association (and as specified by the Developer during the Sales Period) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer upon request. Each policy shall provide for notification to the Association and each first mortgage holder named in the mortgage clause at least 10 days prior to cancellation or material change in coverage. Each Co-owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article III hereof.

Section 4. Waiver Of Right Of Subrogation. The Association and each Co-owner shall use their best efforts to cause all property and liability insurance carried by the Association or any Co-owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against a Co-owner or the Association.

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

## ARTICLE VI DAMAGE OR DESTRUCTION; EMINENT DOMAIN

Section 1. Damage or Destruction. If any part of the Condominium shall be partially or completely destroyed, the determination of whether it shall be reconstructed or repaired shall be made in the following manner:

(a) If the damaged property is a Common Element or a Unit, the property shall be promptly rebuilt or repaired if any Unit in the Condominium is tenantable, unless it is determined by a unanimous vote of all of the Co-owners in the Condominium that the Condominium shall be terminated, and each Mortgagee has given prior written approval of such termination.

(b) If the Condominium is so damaged that no Unit is tenantable, the Condominium shall be rebuilt unless not less than fifty percent (50%) of the Percentages of Value held by the Residential Co-owners and the Commercial Co-owners separately agree to terminate the Condominium, and each Mortgagee has given its prior written approval to such termination, within ninety (90) days after the destruction.

(c) If the Condominium is terminated as provided in either of the foregoing subsections (a) or (b), the Association shall, at its sole cost and expense (subject to application of proceeds of insurance therefor), cause the remaining portion of the Building or other improvements on the Land to be razed and removed from the Land, and backfill and level the Land.

Section 2. Reconstruction or Repair in Accordance with Plans and Specifications. Any reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless the Co-owners shall unanimously decide otherwise.

Section 3. Partial Damage. 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 Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

Section 4. Responsibility for Reconstruction or Repair; Co-owner. If the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain, repair or replace as set forth in Section 4.3 of the Master Deed, it shall be the responsibility of the Co-owner to maintain, repair and replace such damage in accordance with this section. In all other cases, the responsibility for maintenance, repair and replacement shall be that of the Association. Each Co-owner shall be responsible for the reconstruction and repair of the interior of the Co-owner's Unit, including, without limitation, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures and all appliances, whether freestanding or built-in. In the event damage to any of the foregoing, or to interior walls within a Co-owner's Unit or to pipes, wires, conduits, ducts or other Common Elements therein is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5 of this Article. 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 Mortgagee.

Section 5. Responsibility for Reconstruction or Repair. The Association shall be responsible for the prompt reconstruction and repair of the Common Elements (except as specifically otherwise provided in the Master Deed) and any incidental damage to a Unit caused by such Common Elements or the reconstruction and repair thereof. Immediately after a casualty causing damage or destruction to Common Elements, the Association shall obtain reliable and detailed estimates of the cost to repair or rebuild the damaged property in a condition as good as that existing before the damage. The Association shall cause all proceeds of insurance resulting from any such damage or destruction to the Common Elements to be applied to the repair or rebuilding thereof. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the repayment of the costs thereof are insufficient, assessments 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.

Section 6. Eminent Domain. Upon any taking by eminent domain of any part of the Condominium:

(a) Any award for taking by eminent domain of the Land, the Building and other improvements comprising the Condominium (or any portion thereof), or any easements, rights or appurtenances belonging to the Condominium, whether such taking is partial or total, shall be allocated to the Co-owners in proportion to their respective Percentages of Value

(b) If any portion of the Common Elements is taken by eminent domain, the award therefor shall be allocated to the Co-owners in proportion to their respective Percentages of Value. The Association, acting through its Board of Directors, may negotiate on behalf of all Co-owners for any taking of Common Elements and any negotiated settlement approved by more than two-thirds (2/3rds) of the Co-owners based upon assigned voting rights shall be binding on all Co-owners.

(c) If a Unit is taken by eminent domain, the undivided interest in the Common Elements appertaining to such Unit shall thereafter be appurtenant to the remaining Units, being allocated among them in proportion to their respective undivided interests in the Common Elements. The Association shall request that the court enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include, without limitation, just compensation to the Co-owner of the Unit taken for the Co-owner's undivided interest in the Common Elements as well as for such Co-owner's Unit.

(d) If portions of a Unit are taken by eminent domain, the court shall determine the fair market value of the portions of the Unit not taken. The undivided interest of such Condominium Unit in the Common Elements appurtenant to the Unit shall be reduced in proportion to the diminution in the fair market value of such Unit resulting from the taking. The portions of undivided interest in the Common Elements thereby divested from the Co-owner(s) of a Unit shall be reallocated among the other Units in the Condominium in proportion to their respective undivided interests in the Common Elements. A Unit partially taken shall receive the reallocation in proportion to its undivided interest in the Common Elements as reduced by the court under this subsection. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-owner of the Unit partially taken for that portion of the undivided interest in the Common Elements divested from the Co-owner and not revested in the Co-owner, as well as for that portion of the Unit taken by eminent domain.

(e) If the taking of a portion of a Unit makes it impractical to use the remaining portion of that Unit for a lawful purpose permitted by the Condominium Documents, then the entire undivided interest in the Common Elements appurtenant to that Unit shall thereafter be appurtenant to the remaining Units, being allocated to them



in proportion to their respective undivided interests in the Common Elements. The remaining portion of that Condominium Unit shall thereafter be a Common Element. The court shall enter an order reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-owner of the affected Unit for the Co-owner's entire undivided interest in the Common Elements and for such Unit.

(f) Votes in the Association of Co-owners and liability for future expenses of administration appurtenant to a Condominium Unit taken or partially taken by eminent domain shall thereafter be appurtenant to the remaining Condominium Units, being allocated to them in proportion to the relative voting strength in the association of Co-owners, taking the provisions of Article II, Section 4 hereof into account. A Unit partially taken shall receive a reallocation as though the voting strength in the Association was reduced in proportion to the reduction in the undivided interests in the Common Elements.

(g) In the event the Condominium continues after a taking by eminent domain, then the remaining portion of the Condominium shall be re-surveyed and the Master Deed amended accordingly. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner, but only with the prior written approval of all holders of first mortgage liens on individual Units.

(h) In the event any Unit, 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. 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-owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

## ARTICLE VII RESTRICTIONS

Section 1. General. Any and users or occupants of each Unit shall be subject to all the provisions of the Condominium Documents. The provisions of this Article shall be applicable to any successor in interest of all Co-owners, including without implied limitation the heirs, executors, successors, grantees, assigns, and lessees of all Co-owners. The following general conditions shall be in effect:

(a) Co-owners shall maintain their Units in a good and attractive condition and prevent the development of any unclean, unsightly conditions that negatively affect the views from other Units or the condition of the Condominium as a whole.

(b) Co-owners shall treat all other Co-owners and their guests with respect and courtesy at all times.

(c) Co-owners shall endeavor to participate in Association affairs to the maximum possible extent.

(d) Co-owners shall be responsible to see that they and their guests and invitees observe the restrictions and terms and conditions of these Bylaws and Master Deed at all times.

(e) Smoking shall not be permitted in the interior of the Condominium other than in individual Residential Units. Smoking shall be permitted outside the Building, but not in any "No Smoking" outdoor areas which may be designated by the Board of the Directors of the Association in the exercise of its discretion.

Section 2. Repairs. The Association shall, at its sole cost and expense, make all repairs and replacements to the Common Elements, as the same shall from time to time be necessary, and shall comply with the applicable requirements of any public authority having jurisdiction over the Condominium.

Section 3. Alterations and Modifications.

(a) The Association may, at its sole cost and expense, alter, remodel or renovate the Building.

(b) No Co-owner shall make alterations in exterior appearance or make structural modifications to any 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 Board of Directors, including, without limitation, exterior painting or the erection of antennas, lights, aerials, awnings, doors, shutters or other exterior attachments or modifications; nor shall any Co-owner damage or make modifications or attachments to Common Element walls between Units which in any way impair sound conditioning qualities of such walls. Any drapes or other materials hung in the windows of the Residential Units must be white when viewed from the exterior of the Building, so as to create a uniform exterior appearance of the Condominium. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility 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, limited or general, nor

shall anything be done which may be or become an annoyance or nuisance to or which endangers the security or property of others or unreasonably diminishes or destroys the quiet enjoyment of other Co-owners of the Condominium. Co-owners shall use reasonable efforts to prevent any noise emanating from within any Unit to be heard outside of any Unit. Similarly, Co-owners shall take all reasonable efforts so as to minimize any vibration from emanating from within any Unit to not be felt by humans outside of any Unit. The intent of the provisions of this paragraph is to avoid disturbing occupants of neighboring Units, but shall not have the effect of preventing the use of any Unit consistent with the applicable zoning classification for such Unit. No Co-owner shall do or permit anything to be done or to keep or permit to be kept in the Co-owner's Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Board of Directors, and any Co-owner conducting any activity or maintaining any condition within such Co-owner's Unit shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition. However, nothing contained in this subsection shall be construed to prevent any Commercial Co-owner from conducting any activity permitted under the zoning ordinance of the City of East Lansing applicable to such Commercial Unit.

Section 5. Aesthetics. The Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in the Master Deed or in duly adopted rules and regulations of the Association. 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.

Section 6. Obstruction of Common Elements. The Common Elements shall not be obstructed in any way; nor shall they be used for purposes other than for which they are reasonably and obviously intended. Use of any General Common Elements may be limited to such times and in such manner as the Board of Directors shall determine by duly adopted regulations. Co-owners shall be responsible for damage or disruption to the Common Elements including drains, sewer, water, gas, plumbing, electrical, telephone and other utility lines and conduits.

Section 7. Rules and Regulations. The Board of Directors, and the Developer prior to the First Annual Meeting, may make (and amend from time to time) reasonable regulations consistent with all laws and the Condominium Documents concerning the use of the Common Elements or the rights and responsibilities of the Co-owners and the Association with respect to the Condominium or the manner of operation of the Association and of the Condominium. Copies of all such regulations and amendments thereto shall be furnished to all Co-owners or posted on a General Common Element. Any such regulation or amendment may be revoked at any time by the affirmative vote of a majority of the Co-owners directly affected by such regulation or amendment.

Notwithstanding the foregoing, in no event may any rule or regulation affecting only the Residential Units or only the Commercial Units be effective unless approved by a majority of the representatives of the Residential Co-owners or the Commercial Co-owners, respectively, on the Board of Directors.

Section 8. Right of Access. The Association and 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 the Co-owner's 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 any Unit or any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of such damage.

Section 9. Landscaping. No Co-owner shall perform any landscaping or plant any trees or shrubs or place any ornamental materials upon the Common Elements unless approved by the Board of Directors in writing or unless permitted by the Master Deed or the regulations of the Association.

Section 10. Advertising and Signage. Other than as permitted under the Master Deed with respect to Commercial Units and the Developer, no signs or other advertising devices shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs, without written permission from the Board of Directors.

Section 11. Co-owner Maintenance. Each Co-owner shall maintain the Unit owned and any Limited Common Elements appurtenant thereto for which the Co-owner has maintenance responsibility in a safe, clean and sanitary condition; provided, however, it shall be the responsibility of the Association to so maintain the Residential Limited Common Elements and the Commercial Limited Common Elements. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, without limitation, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other 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 the Co-owner or the Co-owner's employees, agents or invitees, unless such damages or costs are covered by insurance carried by the Association in which case there shall be no such responsibility, unless reimbursement to the Association is excluded by

virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount. Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 12. Commercial Activities and Signs. None of the restrictions contained in this Article shall apply to the commercial activities or signs of the Developer as long as the Developer owns any Unit which the Developer offers for sale or lease, or of the Association in furtherance of its powers and purposes. During the Sales Period, the Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, storage areas, reasonable parking incident to the foregoing and such access to, from and over the Condominium as may be reasonable to enable sale of the entire Condominium by the Developer.

Section 13. Leasing and Rental. Co-owners, including the Developer, may rent any number of Units at any time subject to the following:

(a) A Co-owner of a Residential Unit, desiring to rent or lease a Condominium Unit shall disclose that fact in writing to the Association of Co-owners at least ten (10) days before presenting a lease form to a potential lessee, and at the same time, shall supply the Association of Co-owners with a copy of the exact lease form for its review for its compliance with the Condominium Documents. No lease shall be for a term of less than two (2) years unless otherwise specifically approved in writing by the Association.

(b) The Association shall have ten (10) days to review the lease and determine whether the tenant is a Permitted Occupant. The Association must respond to a Co-owner's request to lease the Unit, in writing, within said ten (10) day period and if it fails to respond within such ten (10) day period, the request shall be deemed approved.

(c) Tenants or non-co-owner occupants shall comply with all of the conditions of the Condominium Documents and all applicable laws, including, without limitation, City of East Lansing Ordinances 915 and 915-A (being Article 10 of Chapter 101 of Title VIII of the Code of the City of East Lansing) relating to rental housing registration, inspection and licensing, and all leases and rental agreements shall so state.

(d) No tenant or non-co-owner occupant shall have the right to sublease or assign its interest in a Condominium Unit.

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

(1) The Association shall notify the Co-owner by certified mail, advising of the alleged violation by the tenant or occupant. The Co-owner shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach by the tenant or occupant or advise the Association that a violation has not occurred.

(2) 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 both eviction against the tenant or non-co-owner occupant and simultaneously, for money damages against the Co-owner and tenant or non-Co-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this Section may be by summary proceeding. The Association may hold the tenant, occupant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner, occupant or tenant in connection with the Condominium Unit or the Condominium.

(f) When a Co-owner is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement, and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deduction shall not constitute a breach of the rental agreement or lease by the tenant.

(g) Each Co-owner shall maintain such Co-owner's Unit and any Limited Common Elements appurtenant thereto for which such Co-owner 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 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 such Co-owner or the Co-owner's guests, invitees, contractors, employees or agents, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article III above.

## ARTICLE VIII MORTGAGES

Section 1. Mortgages. Any Co-owner who mortgages a Unit shall notify the Association of the name and address of the Mortgagee, and the Association shall maintain such information in a book maintained solely for such information. The Association may, at the written request of the Mortgagee of any Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Condominium 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. Insurer Information. The Association shall notify each Mortgagee appearing in said book of the name of each insurer insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

Section 3. Mortgagee Notification. Upon written 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 IX COMPLIANCE

Section 1. Compliance. The Association and all persons acquiring an interest in or using the Condominium are subject to the provisions of the Condominium Documents and the rules and regulations of the Association. The mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium shall signify that the Condominium Documents and the rules and regulations of the Association are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

Section 2. Remedies for Noncompliance. Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

(a) Failure to comply with any of the terms or provisions of the Condominium Documents or the rules or regulations of the Association shall be grounds for relief, which may include, without limitation, 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.

(b) 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) and disbursements as may be determined by the Court.

Section 3. Waiver. 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 or regulations of the Association 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.

## ARTICLE X INDEMNIFICATION

Section 1. Indemnification of Directors and Officers; Claims by Third Parties. The Association shall, to the fullest extent authorized or permitted by the Michigan Nonprofit Corporation Act, as amended, or other applicable law, as the same presently exists or may hereafter be amended, indemnify a Director or officer of the Association (the "Indemnitee") who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the Association, by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, trustee, employee, against expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with the action, suit, or proceeding, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, if the Indemnitee had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, does not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

Section 2. Indemnification of Directors And Officers; Claims Brought by or in the Right of the Association. The Association shall, to the fullest extent authorized or permitted by the Michigan Nonprofit Corporation Act, as amended, or other applicable law, as the same presently exists or may hereafter be amended, indemnify an Indemnitee who was or is a party to or is threatened to be made a party to a threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that the Indemnitee is or was a Director, officer, employee or agent of the Association, against expenses, including actual and reasonable attorneys'



fees, and amounts paid in settlement incurred by the Indemnitee in connection with the action or suit, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Association. However, indemnification under this Section shall not be made for a claim, issue, or matter in which the Indemnitee has been found liable to the Association unless and only to the extent that the court in which the action or suit was brought has determined upon application that, despite the adjudication of liability but in view of all circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for the expenses which the court considers proper.

Section 3. Actions Brought by the Indemnitee. Notwithstanding the provisions of Sections 1 and 2 of this Article, the Association shall not indemnify an Indemnitee in connection with any action, suit, proceeding or claim (or part thereof) brought or made by such Indemnitee; unless such action, suit, proceeding or claim (or part thereof) (i) was authorized by the board of Directors of the Association, or (ii) was brought or made to enforce this Article and such Indemnitee has been successful in such action, suit, proceeding or claim (or part thereof).

Section 4. Approval of Indemnification. An indemnification under Sections 1 or 2 of this Article, unless ordered by a court, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article. This determination shall be made promptly in any of the following ways:

(a) By a majority vote of a quorum of the board consisting of Directors who were not parties to the action, suit, or proceeding.

(b) If the quorum described in subdivision (a) is not obtainable, then by a majority vote of a committee of Directors who are not parties to the action. The committee shall consist of not less than two (2) disinterested Directors.

(c) By independent legal counsel in a written opinion.

Section 5. Advancement of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Sections 1 or 2 of this Article shall be paid by the Association in advance of the final disposition of the action, suit, or proceeding upon receipt of any undertaking by or on behalf of the Indemnitee to repay the expenses if it is ultimately determined that the Indemnitee is not entitled to be indemnified by the Association. The undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

Section 6. Partial Indemnification. If an Indemnitee is entitled to indemnification under Sections 1 or 2 of this Article for a portion of expenses including

attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount thereof, the Association shall indemnify the Indemnitee for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the Indemnitee is entitled to be indemnified.

Section 7. Indemnification of Employees and Agents. Any person who is not covered by the foregoing provisions of this Article and who is or was an employee or agent of the Association may be indemnified to the fullest extent authorized or permitted by the Michigan Nonprofit Corporation Act, as amended, or other applicable law, as the same exist or may hereafter be amended, but in the case of any such amendment, only to the extent such amendment permits the Association to provide broader indemnification rights than before such amendment, but in any event only to the extent authorized at any time or from time to time by the Board of Directors.

Section 8. Other Rights of Indemnification. The indemnification or advancement of expenses provided under Sections 1 to 7 of this Article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation of the Association, these bylaws, or a contractual agreement. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses. The indemnification provided for in Sections 1 to 7 of this Article continues as to a person who ceases to be a trustee, Director, officer, employee, or agent of the Association and shall inure to the benefit of the heirs, executors, and administrators of such person.

Section 9. Liability Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association against any liability asserted against the person and incurred by the person in any such capacity or arising out of the person's status as such, whether or not the Association would have the power to indemnify the person against such liability under the provisions of the Michigan Nonprofit Corporation Act, as amended.

Section 10. Contract with the Association. The right to indemnification conferred in this Article shall be deemed to be a contract between the Association and each Director or officer who serves in any such capacity at any time while this Article is in effect, and any repeal or modification of any such law or of this Article shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts. In the event this Article is repealed or modified, the Association shall give written notice thereof to the Directors and officers and any such repeal or modification shall not be effective for a period of sixty (60) days after such notice is delivered.

Section 11. Severability. Each and every paragraph, sentence, term and provision of this Article shall be considered severable in that, in the event a court finds any paragraph, sentence, term or provision to be invalid or unenforceable, the validity and enforceability, operation, or effect of the remaining paragraphs, sentences, terms, or provisions shall not be affected, and this Article shall be construed in all respects as if the invalid or unenforceable matter had been omitted.

## ARTICLE XI AMENDMENT

These Bylaws may be amended by the Association or by the Developer in the manner provided in the Master Deed for amendment thereof. Any amendment to these Bylaws shall become effective upon recordation in the office of the register of deeds in the county in which the Condominium is located. A copy of each amendment to these Bylaws shall be made available to every member of the Association after adoption; provided, however, that any amendment that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium irrespective of whether such persons actually receive a copy of the amendment. These Bylaws may not be amended in any manner to eliminate or conflict with any mandatory provision of the Act or any applicable law or any provision of the Master Deed; nor may they be amended to materially reduce or eliminate the rights of any first Mortgagees without the consent of the Mortgagees affected. The assessment provisions of Article II hereof may not be amended without the consent of the Co-owner's and Mortgagee's of any Unit whose assessment obligation is increased by such amendment.

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