

YORKSHIRE SQUARE CONDOMINIUM ASSOCIATION

BY-LAWS

ARTICLE I.

ADOPTION OF CONDOMINIUM BY-LAWS

The By-Laws of Yorkshire Square, a condominium, (hereinafter known as the Condominium By-Laws) as attached to the Master Deed and recorded in Liber 2307, Pages 924 through 958, Washtenaw County Records are hereby incorporated by reference and adopted in their entirety as a part of the By-Laws of this Corporation (hereinafter known as the Association By-Laws).

ARTICLE II.

MEETINGS

Section 1. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order when not otherwise in conflict with the Articles of Incorporation and By-Laws of the Association, or the Master Deed, Condominium By-Laws or the law of the State of Michigan.

Section 2. The first annual meeting of the members of the Association may be convened only by the Developer and may be called at any time after more than fifty percent (50%) in value and in number of all units in Yorkshire Square have been sold and deeds delivered to the purchasers with said project to be constructed in a maximum of thirty (30) condominium units, but, in no event, later than thirty-six (36) months after the first conveyance of title to a unit in the project to a nondeveloper co-owner. 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. Thereafter, the annual meetings of the members of the Association shall be held on a date set by the Board of Directors during the month of September each succeeding year. At such meetings there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Section 1 of Article III of these By-Laws. The co-owners may also transact such other business of the Association as may properly come before them. Upon the sale of seventy-five percent (75%) in value and in number of all units in the development the transitional control date shall occur and this means the date on which the Board of Directors for the Association takes office pursuant to an election in which the votes which may be cast by eligible co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Section 3. It shall be the duty of the President 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 (1/3) of the co-owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each 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 I, Section 2(e) of the Condominium By-Laws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association shall be deemed due notice.

Section 5. The presence in person or by proxy of thirty-five percent (35%) in number and in value of the co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required herein to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of quorum with respect to the questions upon which the vote is cast. If any meeting of co-owners cannot be held because a quorum is not in attendance, the co-owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 6. If any meeting of co-owners cannot be held because a quorum is not in attendance, the co-owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors or officers); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary, and Treasurer.

Section 8. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 4 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which the ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present either in person or by proxy and if, either before or after the meeting, each of the members not present in person or by proxy signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes 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.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. The affairs of the Association shall be governed by the Board of Directors all of whom must be members of the Association except for the first Board of Directors designated in the Articles of Incorporation of the Association. Directors shall serve without compensation.

Section 2. The first Board of Director designated in the Articles of Incorporation shall be composed of three (3) persons and such first Board of Directors shall manage the affairs of the

Association until a successor Board of Directors is elected at the first meeting of members of the Association convened at the time required by Article II, Section 2 of these By-Laws. At such first meeting of members of the Association, the Board of Directors shall be increased in size from three (3) persons to five (5) persons and five (5) directors shall be elected for staggered terms of office. The term of office of three (3) directors shall be fixed at two (2) years. The term of office of two (2) directors shall be fixed at one (1) year. At the expirations of the initial term of office of each respective director, his successor shall be elected to serve a term of two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting.

Section 3. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Master Deed (including the Exhibits thereto) and Articles of Incorporation, or these By-Laws prohibited or directed to be exercised and done by the co-owners.

Section 4. In addition to the foregoing duties imposed by these By-Laws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

- a. Management and administration of the affairs of and maintenance of the condominium project and the common elements thereof.
- b. To levy, collect and disburse assessments against and from the members of the Association and to use the proceeds thereof for the purposes of the Association, to enforce assessments through liens and foreclosure proceedings when appropriate, and to impose late charges for non-payment of said assessments.
- c. To carry insurance and collect and allocate the proceeds thereof.
- d. To rebuild improvements to the common elements after casualty.
- e. To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the condominium project.
- f. To acquire, maintain, and improve, and to buy, sell, convey, assign, mortgage or lease any real or personal property (including any unit in the condominium project, easements, rights-of-way and licenses) on behalf of the Association in the furtherance of any of the purposes of the Association.

- g. To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the business of the Association, and to secure the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of sixty percent (60%) of the members of the Association in number and in value.
- h. To enforce the provisions of the Condominium documents.
- i. To make rules and regulations governing the use and enjoyment of the Condominium by co-owners and their tenants, guests, employees, invitees, families and pets and to enforce such rules and regulations by all legal methods, including, without limitation, imposing fines and late payment charges, or instituting eviction or legal proceedings.
- j. To make rules and regulations and/or to enter into agreements with institutional lenders the purposes of which are to enable obtaining mortgage loans by unit co-owners which are acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association and/or any other agency of the Federal government or the State of Michigan.
- k. To levy, collect and disburse fines against and from the members of the Association after notice and hearing thereon and to use the proceeds thereof for the purposes of the Association.
- l. To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium documents required to be performed by the Board.
- m. To assert, defend, or settle claims on behalf of all co-owners in connection with the common elements of the Condominium project. The Board shall provide at least a ten (10) day written notice to all co-owners on actions proposed by the Board with regard thereto.

Section 5. The Board of Directors may make, and amend from time to time, regulations respecting the use and enjoyment of the condominium units and common elements in the Condominium and such other regulations as are necessary for the maintenance and control of the Condominium. Copies of all such regulations and amendments thereto shall be furnished to all co-owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting

representative of each co-owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all co-owners in number and in value. Such rules may not be applied to limit the Developer's construction, sales or rental activities.

Section 6. The Board of Directors shall employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Master Deed or Condominium By-Laws or by the Articles of Incorporation or By-Laws of this Association required to be performed by or have the approval of the Board of Directors or the members of the Association. Any agreement or contract for professional management of the condominium project shall provide that such management contract may be terminated by either party without cause or payment of a termination fee on thirty (30) days' written notice and that the term thereof shall not exceed one (1) year, renewable by agreement of the parties for successive one-year periods.

Section 7. Vacancies in the Board of Directors which occur after the transitional control date caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, except that the developer shall be solely entitled to fill the vacancy of any director whom it is permitted in the first instance to designate. Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among nondeveloper co-owner elected directors which occur prior to the transitional control date may be filled only through election by nondeveloper co-owners and shall be filled in the manner specified in the Condominium By-Laws.

Section 8. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) in number and in value of all of the co-owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal thirty-five percent (35%) requirement set forth in Article II, Section 5. Any director whose removal has been proposed by the co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the directors selected by it at any time or from time to time in its sole discretion. Likewise, any director selected by the nondeveloper co-owners to serve before the first annual meeting may be removed before the first annual meeting in the same manner set forth in this paragraph for removal of directors generally.

Section 9. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole board shall be present.

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

Section 11. Special Meetings of the Board of Directors may be called by the President on three (3) days notice to each director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two directors.

Section 12. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there be less than a quorum present the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for purposes of determining a quorum.

Section 14. All of the actions (including, without limitation, the adoption of these By-Laws and any Rules and Regulations for the Association, and any undertakings of contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association named in its Articles of Incorporation or any successors thereto elected before the first annual meeting of members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected

by the members of the Associations at the first or any subsequent annual meeting of members so long as such actions are within the scope of the powers and duties which may be exercised by the Board of Directors as provided in the Condominium documents.

Section 15. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE IV.

OFFICERS

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

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

Section 3. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

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

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

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

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

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

ARTICLE V.

OBLIGATIONS OF THE OWNERS

Section 1. The co-owner shall not make structural modifications or alterations to his condominium unit or the common elements, nor shall he make any decorations or modifications which alter the exterior appearance of the Condominium without previously notifying the Association in writing through the management agent, if any, or through the President of the Association if no management agent is employed. Such notice shall state the nature of the intended alteration or modification and shall contain in reasonable detail, the proposed manner of its implementation. The Association shall be obliged to approve or disapprove the said alteration in writing to the person seeking approval within sixty (60) days of receipt of such notification and failure to do so within the stipulated time shall constitute approval by the Association of the proposed modification or alteration, if otherwise permitted by the condominium documents and the Michigan Condominium Act. The approval or failure to act by the Association shall not prevent subsequent enforcement of the condominium documents based on a violation thereof.

ARTICLE VI.

SEAL

Section 1. The Association may (but need not) have a seal. If the Board of Directors determines that the Association shall have a seal, then it shall have inscribed thereon the name of the Association and the words "corporate seal", and "Michigan".

ARTICLE VII.

FINANCE

Section 1. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Board of Directors. The commencement date of the fiscal year shall be subject to change by the Board for accounting reasons or other good cause.

Section 2. The funds of the Association shall be deposited in such bank as may be designated by the Board of Directors, shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board from time to time, and shall be handled in accordance with the Condominium By-Laws. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE VIII.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance, willful and wanton misconduct or gross negligence in the performance of his duties; provided, that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. Ten (10) days written notice of any proposed action by the Association to indemnify a director or officer shall be given to all co-owners. Further, the Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers and directors of the Association in such amounts as it shall deem appropriate.

ARTICLE IX.

COLLECTION OF ASSESSMENTS AND CHARGES

Section 1. Monthly assessments shall be due on the first day of each month for that month. All other charges for services rendered by the Association shall be due when billed.

Section 2. The Board of Directors shall establish a procedure for collection of delinquent assessments and charges, and shall set a schedule of actions to be taken and a penalty fee for each action. These penalty fees shall approximate the actual costs to the Association, so the additional expense incurred in the collection of delinquent assessments will be borne by the delinquent co-owners and not by all co-owners. This procedure shall be reviewed and updated periodically to reflect changing conditions and expenses.

Section 3. Assessments and charges in default shall bear an interest rate of not less than seven percent (7%) per annum in accordance with Article II, Section 4 of the Condominium By-Laws. The Board of Directors shall be authorized to approve an interest rate surcharge. The interest rate and interest rate surcharge combined, applying to delinquent accounts, shall not exceed the limit set by usury laws of the State of Michigan. The interest charges shall be compounded monthly on the unpaid balance of all delinquent accounts.

ARTICLE X.

AMENDMENTS

Section 1. These By-Laws (but not the Condominium By-Laws) may be amended by the Association at a duly constituted meeting for such purpose, by an affirmative vote of at least two-thirds (2/3) of co-owners.

Section 2. Amendments to these By-Laws (and the Condominium By-Laws) may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third (1/3) or more in number of the members of the Association whether meeting as members or by an instrument in writing signed by them.

Section 3. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of Article II of these By-Laws.

Section 4. At any meeting held to consider such amendment or amendments to these By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

ARTICLE XI.

VIOLATION PROCEDURE

Section 1. The Board of Directors of the Association shall enforce the Condominium By-Laws in a fair and impartial manner.

Section 2. Violations of the Condominium By-Laws by any co-owner, and/or resident of record, shall be brought to the attention of the Board of Directors in writing signed by the complainant, except in cases of emergency.

Section 3. The Board of Directors shall direct the management agent, if any, to send a letter to the co-owner, and/or resident of record, citing the violation and the remedial action necessary.

Section 4. If remedial action or compliance has not taken place within thirty (30) days, the co-owner, and/or resident of record, shall be given the opportunity to meet with the Board of Directors to discuss the reason for non-compliance.

Section 5. This meeting shall take place at the next regularly scheduled Board of Directors meeting; or at a designated time set by the Board of Directors or upon written request of the co-owner and/or resident of record.

Section 6. If the issue has not been resolved, with the foregoing steps, the Board of Directors shall refer the matter to its attorney. The management agent shall notify the co-owner, and/or resident of record, by mail of the action taken by the Board of Directors.

Section 7. All attorney fees and costs incurred in enforcing the Condominium By-Laws will be charged to the co-owner of the unit involved in the violation.

Section 8. The management agent employed by the Association shall be empowered to act as agent to enforce and implement the decision of the Board of Directors, as necessary.

ARTICLE XII.

COMPLIANCE

These By-Laws are set forth to comply with the requirements of Act No. 162 of the Public Acts of Michigan of 1982, as amended, Act No. 59 of the Public Acts of Michigan of 1978, as amended, and with the duly recorded Master Deed of the Condominium and Exhibits "A" and "B" attached thereto. In case any of these By-Laws conflict with the provisions of said statute or with the provisions of said Master Deed or the exhibits thereto, the provisions of the statute and said Master Deed shall be controlling.