

EXHIBIT "A"
CONDOMINIUM BY-LAWS
PINE RIDGE MANOR ESTATES
ARTICLE I
ASSOCIATION OF CO-OWNERS

Section 1.1 Formation; Membership. Pine Ridge Manor Estates, a residential Condominium Project of single family homes located in Madison Heights, Oakland County, Michigan, shall be administered by the Pine Ridge Manor Estates Condominium Association, which is a non-profit corporation, hereinafter called the "Association," organized under the applicable laws of the State of Michigan. The Association 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 By-laws shall constitute both the Condominium By-laws referred to in the Master Deed and required by Section 53 of the Condominium Act and Association By-laws provided for under the Michigan Non-profit Corporation Act. Each Co-Owner shall be a member in the Association and no other person or entity shall be entitled to membership. Co-Owners are sometimes referred to as "Members" in these By-laws. A Co-Owner's share of the Association's funds and assets cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project, all of which shall be available at reasonable hours to Co-Owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-Owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit or the Common Elements shall be subject to the provisions and terms set forth in the Condominium Documents.

Section 1.2 Definitions. Capitalized terms used in these By-laws without further definition shall have the meanings given to such terms in the Master Deed or the Condominium Act unless the context dictates otherwise.

Section 1.3 Conflicts of Terms and Provisions. In the event there exists any conflict among the terms and provisions contained within the Master Deed or these By-laws, the terms and provisions of the Master Deed shall control.

ARTICLE II
ASSESSMENTS

Section 2.1 Assessments Against Units and Co-Owners. All expenses arising from the management, administration and operation of the Association in accordance with the authorizations and responsibilities prescribed in the Condominium Documents and the Condominium Act shall be levied by the Association against the Units and the Co-Owners thereof, in accordance with the provisions of this Article II.

Section 2.2 Assessments for Common Elements; Personal Property Taxes Assessed Against the Association. All costs incurred by the Association to satisfy any liability or obligation arising from, caused by, or connected with the Common Elements or the administration of the

Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-Owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Condominium Act.

Section 2.3 Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

- (a) Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such Budget shall project all expenses for the ensuing year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of the Common Elements that must be replaced on a periodic basis shall be established in the Budget and must be funded by regular annual assessments as set forth in Section 2.4 below, rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual Budget on a noncumulative basis. Since the minimum standard required by this Subparagraph may prove to be inadequate for the Project, the Association of Co-Owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserves should be established for other purposes from time to time. Upon adoption of a Budget by the Board of Directors, copies of the Budget shall be delivered to each Co-Owner and the assessment for said year shall be established based upon said Budget. The applicable annual assessments, as levied, shall constitute a lien against all Units as of the first (1st) day of the fiscal year in which the assessments relate. Failure to deliver a copy of the Budget to each Co-Owner shall not affect or in any way diminish such lien or the liability of any Co-Owner for any existing or future assessments. Should the Board of Directors at any time determine, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient to pay the actual costs of the Condominium Project's operation and management; (2) to provide for repairs or replacements of existing Common Elements; (3) to provide additions to the Common Elements not exceeding Five Thousand and 00/100 (\$5,000.00) Dollars annually for the entire Condominium Project; or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessments and to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors shall also have the authority, without Co-Owner or mortgagee consent, to levy assessments for repair and reconstruction in the event of casualty pursuant to the provisions of Section 5.2 below. The discretionary authority of the Board of Directors to levy assessments pursuant to this

Subparagraph shall rest solely with the Board of Directors for the benefit of the Association and its Members, and shall not be enforceable by any creditors of the Association or its Members.

- (b) Special Assessments. Special assessments, in addition to those required in Section 2.3(a) above, may be made by the Board of Directors from time to time, subject to Co-Owner approval as hereinafter provided, to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding Five Thousand and 00/100 (\$5,000.00) Dollars for the entire Condominium Project per year; (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 2.6 below; or (3) assessments for any other appropriate purpose that could not be covered by the annual assessment. Special assessments referred to in this Subparagraph (b) shall not be levied without the prior approval of the Co-Owners representing sixty (60%) percent or more of the combined percentage of value of all Units within the Condominium Project. The authority to levy assessments pursuant to this Subparagraph is solely for the benefit of the Association and its Members and shall not be enforceable by any creditors of the Association or its Members.
- (c) Remedial Assessments. If any Co-Owner fails to properly maintain or repair his Unit or any Limited Common Element which is appurtenant to his Unit in accordance with the provisions of Article VI, which failure, in the opinion of the Board of Directors adversely affects the appearance of the Condominium Project as a whole, or the safety, health or welfare of the other Co-Owners of the Condominium Project, the Association may, following notice to such Co-Owner, take any actions reasonably necessary to maintain, repair or replace the applicable Limited Common Element and an amount equal to one hundred fifty (150%) percent of the cost thereof shall be assessed against the Co-Owner who has the responsibility under the Master Deed or these By-laws to maintain his Unit or such Limited Common Element.
- (d) Working Capital Contribution. Any Co-Owner who acquires a Unit from the Developer, shall pay to the Association, on the date said Unit is conveyed to the Co-Owner the sum of an amount equal to one half of the most recent annual assessment provided for in Section 2.3(a) above, which amount constitutes a one-time non-refundable contribution to the Association's working capital account.

Section 2.4 Apportionment of Assessments and Penalty for Default. Unless otherwise provided in these By-laws or in the Master Deed, all assessments levied against the Co-Owners to cover administration expenses shall be apportioned among and paid by the Co-Owners in accordance with the respective percentages of value allocated to each Co-Owner's Unit in Article V of the Master Deed, without adjustment for the use or non-use of the Unit or any Limited Common Element appurtenant to a Unit. Annual assessments determined in accordance with Section

2.3(a) above shall be paid by Co-Owners in one (1) annual payment, or two (2) semi-annual payments, as determined by the Association Board of Directors. A Co-Owner's payment obligations will commence with the acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. A Co-Owner shall be in default of his assessment obligations if he fails to pay any assessment installment when due. A late charge not to exceed Twenty Five and 00/100 (\$25.00) Dollars per month shall be assessed automatically by the Association upon any assessments in default for ten (10) or more days until the assessment installment together with the applicable late charges are paid in full. Each Co-Owner (whether one (1) or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) relating to his Unit which may be levied while such Co-Owner owns the Unit. Payments to satisfy assessment installments in default shall be applied as follows: first, to the costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such assessment installments; and third, to the assessment installments in default in the order of their due dates.

Section 2.5 Waiver of Use or Abandonment of Units. No Co-Owner may exempt himself from liability for his assessment obligations by waiving the use or enjoyment of any of the Common Elements or by abandoning his Unit.

Section 2.6 Liens for Unpaid Assessments. The sums assessed by the Association which remain unpaid, including but not limited to regular assessments, special assessments, fines and late charges, shall constitute a lien upon the Unit or Units in the Project owned by the Co-Owner at the time of the assessment and upon the proceeds of sale of such Unit or Units. Any such unpaid sum shall constitute a lien against the Unit as of the first (1st) day of the fiscal year in which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Co-Owner shall be deemed to be assessments for purposes of this Section 2.6 and Section 108 of the Condominium Act.

Section 2.7 Enforcement.

- (a) Remedies. In addition to any other remedies available to the Association, the Association may enforce the collection of delinquent assessments by a suit at law or by foreclosure on the statutory lien that secures payment of assessments. In the event any Co-Owner defaults in the payment of any annual assessment installment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. A Co-Owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association until the default is cured; provided, however, this provision shall not operate to deprive any Co-Owner of ingress or egress to and from his Unit or the dwelling or other improvements constructed

thereon. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-Owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Section 18.4 of these By-laws. All of these remedies shall be cumulative and not alternative.

- (b) Foreclosure Proceedings. Each Co-Owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. In addition, each Co-Owner and every other person who from time to time has any interest in the Project, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment (s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-Owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he reviewed the provisions of this Subparagraph and he voluntarily and knowingly waived notice of any proceedings brought by the Association to foreclose any assessment liens by advertisement.
- (c) Notices of Action. Notwithstanding the provisions of Section 2.7(b), the Association shall not commence a judicial foreclosure action or a suit for a money judgment or publish any notice of foreclosure by advertisement, until the Association has provided the delinquent Co-Owner with written notice, sent by first class mail postage prepaid, addressed to the delinquent Co-Owner at his last known address, that one (1) or more assessment installments levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies under these By-laws if the default is not cured within ten (10) days from the date of the notice. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth: (i) the affiant's capacity to make the affidavit; (ii) the statutory and other authority for the lien; (iii) the amount outstanding (exclusive of interest, costs, 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. Such affidavit shall be recorded in the office of the Oakland County Register of Deeds prior to the commencement of any foreclosure proceeding. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be

available to it under these By-laws and under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall notify the delinquent Co-Owner of the Association's election and shall inform him that he may request a judicial hearing by bringing suit against the Association.

- (d) Expenses of Collection. The expenses incurred by the Association in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the defaulting Co-Owner and shall be secured by a lien on his Unit.

Section 2.8 Liability of Mortgagees. Notwithstanding any other provisions of the Condominium Documents, the holder of any first(1st) mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, and any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrued prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of assessments or charges resulting from a pro rata reallocation of assessments or charges to all Units including the mortgaged Unit).

Section 2.9 Developer's Responsibility for Assessments. The Developer, although a Member of the Association, shall not be responsible at any time for the payment of Association assessments, except with respect to Units owned by the Developer which contain a completed and occupied residential dwelling. A residential dwelling is complete when it has received a certificate of occupancy from the City of Madison Heights and a residential dwelling is occupied if it is being utilized as a residence. Model and spec Units shall not constitute completed and occupied dwellings. In addition, in the event the Developer is selling a Unit with a completed residential dwelling thereon by land contract to a Co-Owner, the Co-Owner shall be liable for all assessments and the Developer shall not be liable for any assessments levied up to and including the date, if any, upon which the Developer actually retakes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. However, the Developer shall at all times pay expenses of maintaining the Units that it owns, together with a proportionate share of all current maintenance expenses actually incurred by the Association from the time (excluding reserves) for street and utility maintenance, landscaping, sign lighting and snow removal but excluding management fees and expenses related to the maintenance, repair and use of Units in the Project 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 Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer be responsible for assessments for deferred maintenance, reserves for replacements, capital improvements or other special assessments, except with respect to Units that are owned by the Developer which contain completed and occupied residential dwellings. Any assessments levied by the Association against the Developer for

other purposes, without the Developer's prior written consent, shall be void and of no effect. In addition, the Developer shall not be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or claims against the Developer, any cost of investigating or preparing such litigation or claim or any similar or related costs.

Section 2.10 Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Condominium Act.

Section 2.11 Personal Property Tax Assessment of Association Property. The Association shall be assessed as the entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-Owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 2.12 Construction Liens. A construction lien otherwise arising under Act No 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Condominium Act.

Section 2.13 Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement from the Association identifying the amount of any unpaid Association regular or special assessments relating to such Unit. Upon written request to the Association accompanied by a copy of the executed Purchase Agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement identifying any existing unpaid assessments or a written statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of the sum identified in the statement within the period identified in the statement, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, if a purchaser fails to request such statement at least five (5) days prior to the closing of the purchase of such Unit, any unpaid assessments and the lien securing them shall be fully enforceable against such purchaser and the Unit itself, to the extent provided by the Condominium Act. Under the Condominium Act, unpaid assessments constitute a lien upon the Unit and the sale proceeds thereof which has priority over all claims except tax liens in favor of any state or federal taxing authority and sums unpaid on a first (1st) mortgage of record, except that past due assessments which are evidenced by a notice of lien, recorded pursuant to Section 2.7 have priority over a first (1st) mortgage recorded subsequent to the recording of the notice of the lien.

ARTICLE III ARBITRATION

Section 3.1 Scope and Election. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between, the Co-Owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration, and the

parties shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Arbitration Rules of the American Arbitration Association in effect from time to time shall be applicable to any such arbitration.

Section 3.2 Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 3.1 above, any Co-Owner or the Association may petition the courts to resolve any disputes, claims or grievances.

Section 3.3 Election of Remedies. The election and written consent by the disputing parties to submit any dispute, claim or grievance to arbitration shall preclude such parties from thereafter litigating such dispute, claim or grievance in the courts. Nothing contained in this Article III shall limit the rights of the Association or any Co-Owner, as established in Section 144 of the Condominium Act.

ARTICLE IV INSURANCE

Section 4.1 Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, carry fire and extended coverage, vandalism and malicious mischief and liability insurance, (in a minimum amount to be determined by the Developer or the Association in its discretion), officers' and directors' liability insurance and worker's compensation insurance, if applicable and other insurance the Association may deem applicable. Desirable or necessary pertinent to the ownership use and maintenance of the General Common Elements and such insurance, shall be carried and administered in accordance with the following provisions:

- (a) Responsibilities of the Association. All of the insurance referenced in this Section 4.1 shall be purchased by the Association for the benefit of the Association and the Co-Owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of mortgagee endorsements to the mortgagees of Co-Owners.
- (b) Insurance of Common Elements. If applicable and appropriate, General Common Elements of the Condominium Project, other than roads, shall be insured against fire and other perils covered by a standard extended coverage-endorsement, in an amount equal to the current insurable replacement value. Excluding foundation and excavation costs, if any, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives utilizing commonly employed methods for the reasonable determination of replacement costs.
- (c) Premium Expenses. All premiums on insurance purchased by the Association pursuant to these By-laws shall be expenses of administration.
- (d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the

Association, held in a separate account and distributed to the Association and the Co-Owners and their mortgagees, as their interest may appear, provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these By-laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be retained by the Association and applied for such repair or reconstruction.

Section 4.2 Authority of Association to Settle Insurance Claims. Each Co-Owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and worker's compensation insurance, if applicable, pertinent to the Condominium Project and the Common Elements appurtenant thereto. Without limiting the foregoing, the Association shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect insurance proceeds and to distribute the same to the Association, the Co-Owners and their respective mortgagees, as their interests may appear (subject always to the Condominium Documents), and/or to utilize said proceeds for required repairs or reconstruction, to execute releases of liability and to execute all documents and to do all things on behalf of such Co-Owner and the Condominium as shall be necessary or convenient to accomplish the foregoing purposes.

Section 4.3 Co-Owner Responsibilities. Each Co-Owner shall be responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the dwelling and all other improvements constructed or to be constructed within the perimeter of his Unit, any Limited Common Elements appurtenant thereto, any sidewalks, lawn or landscaping existing on the public right-of-way appurtenant thereto and for his personal property located therein or thereon or elsewhere in the Condominium Project. The Association shall have no responsibility whatsoever to insure any such improvements. In addition, each Co-Owner shall be obligated to obtain insurance coverage for personal liability for occurrences within the perimeter of his Unit and any appurtenant Limited Common Elements and also for any other personal insurance coverage that the Co-Owner wishes to carry. The Co-Owner shall name the Association and the Developer as additional insureds. 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 under this Section 4.3. If a Co-Owner fails to obtain such insurance or to provide evidence of such insurance to the Association, the Association may, but is not obligated to, obtain such insurance on behalf of the Co-Owner and the premiums for such insurance shall constitute a lien against the Co-Owner's Unit which may be collected in the same manner that assessments may be collected under Article II of these By-laws.

Section 4.4 Waiver of Subrogation. The Association as to all policies which it obtains and all Co-Owners as to all policies which they obtain shall use their best efforts to see that all property and liability insurance carried by the Association and any Co-Owner shall contain

appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-Owner or the Association

Section 4.5 Indemnification. Each individual 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 the other Co-Owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within an individual Co-Owner's Unit or appurtenant Limited Common Elements. Each Co-Owner shall carry insurance to secure the indemnity obligations under this Section 4.5 if required by the Association, or if required by the Developer during the Construction and Sales Period. This Section 4.5 is not intended to give any insurer any subrogation right or any other right or claim against any individual Co-Owner.

**ARTICLE V
RECONSTRUCTION OR REPAIR**

Section 5.1 Owner Responsibility. Each Co-Owner shall be responsible for all reconstruction repair and maintenance of the dwelling and all other improvements, fixtures and personal property within his Unit and all Limited Common Elements appurtenant to the Unit. If any damage to the dwelling or other improvements constructed within a Co-Owner's Unit adversely affects the appearance of the Project, the Co-Owner shall proceed to remove repair or replace the damaged property without delay.

Section 5.2 Association Responsibility for Repair. The Association shall be responsible for the reconstruction repair and maintenance of the General Common Elements. Immediately following a casualty to property which the Association is responsible for maintaining and repairing, the Association shall obtain reliable and detailed cost estimates to repair or replace the damaged property to a condition comparable to that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair, or if at any time during such reconstruction or repair or upon completion of such reconstruction or repair, there are insufficient funds for the payment of the reconstruction or repair the Association shall make an assessment against all Co-Owners for an amount which when combined with available insurance proceeds shall be sufficient to fully pay for the cost of repair or reconstruction of the damaged property. Any such assessment made by the Board of Directors of the Association shall be governed by Section 2.3(a) of these By-laws. Nothing contained in this Section 5.2 is intended to require the Developer or the Association to replace mature trees and vegetation with equivalent trees or vegetation.

Section 5.3 Timely Reconstruction and Repair. If any damage to Common Elements or improvements within a Unit adversely affects the appearance of the Project, the Association or Co-Owner responsible for the reconstruction, repair and maintenance thereof shall proceed to replace the damaged property without delay, and shall use its best efforts to complete such replacement within six (6) months from the date upon which the property damage occurred.

Section 5.4 Eminent Domain. Section 133 of the Condominium Act and the following provisions shall control in the event all or a portion of the Project is subject to eminent domain:

- (a) Taking of a Unit or Related Improvements. In the event all or a portion of a Unit or any improvements thereon, are taken by eminent domain, the award for such taking shall be paid to the Co-Owner of such Unit and the mortgagee thereof, as their interest may appear. If the entire Unit is taken by eminent domain, on the acceptance of such award by the Co-Owner and his mortgagee, they shall be divested of all interest in the Condominium Project.
- (b) Taking of Common Elements. If there is a taking of any portion of the General Common Elements, the condemnation proceeds relative to such taking shall be paid to the Co-Owners and their mortgagees in proportion to their respective undivided interest in the General Common Elements unless pursuant to the affirmative vote of Co-Owners representing greater than fifty (50%) percent in percentage of value of the total votes of all Co-Owners qualified to vote, at a meeting duly called for such purpose, the Association is directed to rebuild, repair or replace the portion so taken or to take such other action as authorized by a vote of the Co-Owners who hold a majority in percentage of value. If the Association is directed by the requisite number of Co-Owners to rebuild, repair or replace all or any portion of the Common Elements taken, the Association shall be entitled to retain the portion of the condemnation proceeds necessary to accomplish the reconstruction, repair or replacement of the applicable General Common Elements. The Association, acting through its Board of Directors, may negotiate on behalf of all Co-Owners for any condemnation award for Common Elements and any negotiated settlement approved by the Co-Owners representing sixty-six and two-thirds (66 2/3%) percent or more of the total percentages of value of all Co-Owners qualified to vote shall be binding on all Co-Owners.
- (c) Continuation of Condominium After Taking. In the event the Condominium Project continues after a taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Units, based upon the continuing value of the Condominium being one hundred (100%) percent. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of obtaining the signature or specific approval of any Co-Owner, mortgagee or other person.
- (d) Notification of Mortgagees. In the event all or any portion of a Unit in the Condominium, or all or any portion of the Common Elements is made the subject matter of any condemnation of eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall notify each institutional holder of a first mortgage lien on any of the Units in the Condominium

that is registered in the Association's book of "Mortgagees of Units" pursuant to Section 7.1 of these By-laws.

Section 5.5 Notification of FHLMC. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon request therefore by FHLMC, the Association shall give FHLMC written notice, at such address as it may from time to time direct, of any loss to or faking of the Common Elements of the Condominium, if the loss or taking exceeds Ten Thousand and 00/100 (\$10,000.00) Dollars in amount or if the damage or taking relates to a Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds One Thousand and 00/100 (\$1,000.00) Dollars.

Section 5.6 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 (1st) mortgagees of Units pursuant to their mortgages with respect to any distribution to Co-Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

ARTICLE VI RESTRICTIONS

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

Section 6.1 Residential Use. No Unit in the Condominium shall be used for other than single-family residential purposes, as defined by the City of Madison Heights Zoning Ordinance, and as consistent with the Consent Judgment entered with respect to the Condominium Premises which is recorded with the Oakland County Register of Deeds at Liber 23633, Pages 541 through 596, inclusive (the "Consent Judgment"). The Common Elements shall be used only for purposes consistent with the use of single-family residences. No building shall be constructed or placed within a Unit except one (1) single-family private dwelling or model home and a private garage containing not less than two (2) nor more than three (3) parking spaces for the sole use of the Co-Owner or occupants of the dwelling. Accessory buildings or structures may be erected in such manner and location within a Unit as is established by the City of Madison Heights Zoning Ordinance, and subject to the terms and conditions of the Consent Judgment.

Section 6.2 Dwelling Quality and Size. According to, and consistent with the terms of paragraph 18 of the Consent Judgment, no dwelling shall be constructed within the Condominium Premises which dwelling is not at least 1,800 square feet in size. In order to insure that all dwellings in the Condominium Project shall be of quality, design, workmanship and materials approved by the Developer, all dwellings shall be constructed in accordance with all applicable governmental building codes, zoning, site plan approvals, and other ordinances and/or regulations.

Section 6.3 Building Location. All dwellings and other structures shall be located within each Unit in accordance with the Master Deed, Exhibit B to the Master Deed and otherwise in accordance with all applicable City of Madison Heights ordinances, rules and regulations, and the Consent Judgment. In order to insure compliance with any site plan

approved by the City of Madison Heights, the Developer shall have the right to specify the location of the dwelling and garage within the Unit.

Section 6.4 Driveways. Driveways and other paved areas for vehicular or pedestrian use within a Unit shall not be inconsistent with the Consent Judgment, shall have a base of compacted sand, gravel crushed stone or other approved base material, and shall have a wearing surface of asphalt or concrete. Driveway approaches and sidewalks shall be concrete, and plans for driveways, pavement edging or markers must be approved by the Developer in writing prior to commencing any construction in accordance with such plans.

Section 6.5 Grades, Natural Drainage Ways, Swales Where there exists within any Unit(s) a condition of accumulation of storm water remaining over an extended period of time, the Co-Owner may, with the written approval of the City anytime, of the Developer during the Construction and Sales Period, and of the Association thereafter, take such steps as shall be necessary to remedy such condition, provided that the Co-Owner does not install storm drainage improvements or any obstructions or diversions of existing storm drainage facilities that causes damage to other property. Subject to the foregoing, no Co-Owner shall alter the finish grade of such Co-Owner's Unit without the prior written consent of the City anytime, of the Developer during the Construction and Sales Period and of the Association thereafter. Notwithstanding the foregoing, all grading and storm drainage facilities shall be consistent with the final approved site plan, and no Co-Owner shall at anytime fill in or alter any swale located within the 35 foot Landscape Easement or in the Greenbelt.

Section 6.6 Building Materials. Exterior building materials on dwellings may be stone, brick, wood, siding or any other material blending with the architecture and natural landscape which is approved by the Developer and consistent with all applicable ordinances, regulations and site plan approval.

Section 6.7 Home Occupations. No home occupation, profession or commercial activity shall be conducted in any dwelling located in the Condominium Project, with the exception of model homes owned by, and the sales activities of, the Developer or builders, developers and real estate companies who own or hold any Units for resale to customers in the ordinary course of business, unless such use for a home occupation profession or commercial activity is within the scope of allowable activities according to the applicable City of Madison Heights ordinances rules and regulations. A Co-Owner shall not be prevented from any use of his Unit, which is not in violation of applicable City of Madison Heights ordinances, rules and regulations.

Section 6.8 Soil Removal. Soil removal from a Unit shall not be permitted, except as required for building Construction and as permitted by the Developer. In addition, all construction shall be subject to the requirements of the Michigan Soil Erosion and Sedimentation Control Act and all other applicable statutes, ordinances, rules and regulations of all governmental Units having jurisdiction over such activities.

Section 6.9 Tree Removal. Clear-cutting or removal of trees by any person other than the Developer shall not be permitted unless such

clear-cutting or tree removal is in compliance with all applicable municipal ordinances, including but not limited to, the City of Madison Heights Zoning Ordinance, the Consent Judgment, and the approved site plan.

Section 6.10 Performance of Construction. No building shall be erected on any Unit except by a contractor licensed in the State of Michigan for such purpose.

Section 6.11 Garbage and Refuse. Trash, garbage or other waste shall be kept only in closed, sanitary containers and shall be promptly disposed of so that it will not be objectionable to neighboring Co-Owners. No outside storage for refuse or garbage shall be maintained or used unless it is properly concealed. The burning or incineration of rubbish, trash, construction materials or other waste outside of any residential dwelling is strictly prohibited.

Section 6.12 Landscaping. Upon completion of a residential dwelling on any Unit, the Co-Owner shall cause such Unit to be finish graded and cause 100% of the front yard to be sodded up to the front boundary of the home (except for portions that are landscaped which shall not exceed 25% of the area) before a certificate of occupancy will be issued, cause such Units to be sodded or seeded elsewhere, but if sodded, the Co-Owner must obtain the prior approval of the Developer, and suitably landscaped as soon after such completion as weather permits, and in any event within six(6) months from the date of completion. All Units owned by the Developer or a builder who owns Units for resale in the ordinary course of business shall be exempt from the foregoing restrictions contained in this Section 6.12. Upon conveyance of any Unit by the Developer or a builder to any Co-Owner other than the Developer or a builder, the exemption for said Unit shall thereupon cease and such Unit shall be subject to all of the restrictions contained in this Section 6.12.

Section 6.13 Motorized Vehicles, Firearms. No motorized bikes, motorcycles, snowmobiles or other motorized recreational vehicles shall be operated within the Project other than streets. No firearms, air rifles, pellet guns, 8-8 guns, bows and arrows, or other similar dangerous weapons, projectiles or devices shall be used anywhere on or about the Condominium Project.

Section 6.14 Swimming Pools and Other Structures. Recreational structures, including swimming pools, whirlpools, hot tubs and the like shall be screened from any street lying entirely within the Project, by wall, solid fence, evergreen hedge or other visual barrier as approved in writing by the Developer and in compliance with all applicable laws, governmental regulations and ordinances. All swimming pools must be of the in ground variety.

Section 6.15 Decks. All decks must be located in the rear yard of a Unit and cannot protrude into any side yards and must otherwise comply with all applicable rear and side yard setback requirements and other requirements imposed by any applicable ordinance of the City.

Section 6.16 Air Conditioning Compressors. All air conditioning compressor units must be located in the rear or side yards of a Unit adjacent to the dwelling. If the air conditioner is located in the side yard it must comply with any applicable City ordinances.

Section 6.17 Mailboxes. Mailboxes shall be installed in conformity with applicable postal regulations and municipal ordinances of the City of Madison Heights. Each Co-Owner shall have the responsibility for the maintenance, repair and replacement of an individual mailbox designated for his Unit. Maintenance, repair and replacement of gang style mailboxes serving two or more Units shall be the responsibility of the Association.

Section 6.18 Objectionable Sights. No above or below ground fuel or other storage tanks shall be permitted. Stockpiling and storage of building and landscape materials and/or equipment shall not be permitted on any Unit, except for materials and/or equipment which are used within a reasonable length of time. In no event shall landscape materials be stored for a period of more than sixty (60) days. No laundry drying equipment shall be erected or used outdoors and no laundry shall be hung for drying outside of a dwelling.

Section 6.19 Maintenance. The Co-Owner of each Unit shall keep all buildings and grounds within the Unit in good condition and repair. The Co-Owner of each Unit shall be responsible for keeping all driveways, walkways and sidewalks within his Unit and within the public right-of-way appurtenant to his Unit clean and free of debris and shall be solely responsible for snow removal with respect to such driveways and sidewalks. Each Co-Owner shall also use due care to avoid damaging any structure or elements in any Unit which are appurtenant to or which may affect any other Unit including but not limited to, utility conduits and systems. Each Co-Owner shall be responsible for the repair, restoration of any damage to any other Co-Owner's Unit or improvements thereon, resulting from the negligent acts or omissions of a Co-Owner - his family, guests, agents or invitees, except to the extent the Association obtains insurance proceeds for such repair or restoration; provided, however, that if the insurance proceeds obtained by the Association are not sufficient to pay for the costs of repair or restoration, the Association may assess the Co-Owner for the excess amount necessary to pay for the repair and restoration.

Section 6.20 Structures in Limited Common Elements and Easements. No structures of any kind may be installed within any easements within the Project without the prior written approval of the City at anytime, of the Developer during the Construction and Sales Period, and of the Association thereafter.

Section 6.21 Leasing and Rental.

- (a) Right to Lease. A Co-Owner may lease the dwelling constructed within the perimeters of his Unit for the purposes set forth in Section 6.1; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in Subsection (b) below. The Developer may lease any number of Units in the Condominium in its discretion without being required to obtain the approval of the Association.
- (b) Leasing Procedures. The leasing of Units in the Project shall conform to the following: (1) A Co-Owner, including

the Developer, desiring to rent or lease a Unit, shall provide the Association, at least ten (10) days prior to presenting a lease form to a potential lessee, with a written notice of the Co-Owner's intent to lease his Unit, together with a copy of the exact lease form that the Co-Owner intends to use, for the review and approval of the Association. The Association shall be entitled to request that changes be made to the lease form that are necessary to insure that the lease will comply with the Condominium Documents. If the Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-Owner in writing. (2) Such written lease form shall provide for an initial term of not less than twelve (12) months. Tenants or non-Co-Owner occupants shall comply with all of the provisions of the Condominium Documents and all leases and rental agreements shall incorporate this requirement. (3) If the Association determines that the tenant or non-Co-Owner occupant has failed to comply with the provisions of the Condominium Documents, the Association may take the following actions: (i) The Association shall notify the Co-Owner by certified mail of the alleged violation by the tenant or occupant. (ii) The Co-Owner shall have fifteen (15) days from his receipt of such notice to investigate and correct the alleged breach by the tenant or occupant or advise the Association that a violation has not occurred. (iii) If, at the expiration of the above-referenced fifteen (15) day period, the Association believes that the alleged breach is not cured or may be repeated, the Association (or the Co-Owners derivatively on behalf of the Association, if the Association is under the control of the Developer), may institute on behalf of the Association a summary proceeding eviction action against the tenant or non-Co-Owner occupant. The Association may simultaneously bring an action for damages against the Co-Owner and tenant or non-Co-Owner occupant for breach of the Condominium Documents. The Association may hold both the tenant or non-Co-Owner occupant and the Co-Owner liable for any damages to the Common Elements caused by the Co-Owner or tenant or non-Co-Owner occupant in connection with the Unit or Condominium Project and for actual legal fees incurred by the Association in connection with legal proceedings hereunder. iv) When a Co-Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to the tenant occupying a Co-Owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from the rental payments due to the Co-Owner the amount of the arrearage and all future assessments as they become due and shall pay such amounts directly to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. The form of lease used by the Co-Owner shall explicitly contain the foregoing provisions.

Section 6.22 Rules and Regulations. It is intended that the Board of Directors of the Association may adopt rules and regulations from time to time to reflect the needs and desires of the majority of the Co-

Owners in the Condominium. Reasonable regulations consistent with the Condominium Act, the Master Deed and these By-laws concerning the use of the Common Elements may be adopted and amended from time to time by any Board of Directors prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-Owners. Any such regulation or amendment may be revoked at any time by the affirmative vote of greater than fifty (50%) percent of the Co-Owners in value, except that the Co-Owners may not revoke any regulation or amendment prior to the First Annual Meeting of the entire Association.

Section 6.23 Reserved Rights of Developer

- (a) Developers Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Construction and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in the Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary contained elsewhere in these By-laws, the Developer shall have the right, during the Construction and Sales Period, to maintain a sales office, a business office, a construction office, model Units, storage areas, storage buildings and parking incident to the foregoing in accordance with applicable City ordinances. The Developer shall also have such access to, from and over the Project as may be reasonable to enable the development and sale of the entire Project. The Developer shall restore the areas utilized by the Developer to habitable status upon its termination of use.
- (b) Enforcement of By-Laws. The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful serene, private, residential community for the benefit of the Co-Owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape the Condominium Project in a manner consistent with the maintenance of such high standards, then the Developer, or any entity to which it may assign this right, may elect to maintain, repair and/or replace any Common Elements and/or to perform any landscaping required by these By-laws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these By-laws throughout the Construction and Sales Period regardless of whether or not it owns a Unit in the Condominium. The Developer's enforcement rights under this Section 6.23 may include, without limitation, an action to restrain the Association or any Co-Owner from performing any activity prohibited by these By-laws.

Section 6.24 Telecommunications Equipment.

- (a) General Common Elements. No telecommunications equipment, of any type, may be placed on the General Common Elements unless both of the following conditions have been met:
- (i) The telecommunications equipment has been approved by the Association (after the end of the Construction and Sales Period), or the Developer (during the Construction and Sales Period); and
 - (ii) The proposed telecommunications equipment is for the benefit of the members of the Association at large and not limited in availability to the Co-owners of specific Units or specific buildings.
- (b) Units and Limited Common Elements. Satellite dishes must be two feet (2') or less, located at the rear of a dwelling or on the side wall within five feet (5') of the rear of the dwelling, and must be attached to the dwelling within a Unit, unless such placement would preclude reception of an acceptable quality signal. In the event placement of the satellite dish in accordance with the foregoing would preclude receipt of an acceptable quality signal, a Co-Owner must apply to the Board of Directors of the Association to confirm the necessity for an alternate location of the satellite dish. The Board of Directors of the Association may impose reasonable rules and regulations on use of any dwelling, Unit or Limited Common Elements for the placement of telecommunications equipment that do not unreasonably delay a Co-owner's access to telecommunications service and otherwise comply with the then applicable Federal Communications Commission's (or its successors) rules with respect to telecommunications equipment installation on commonly owned property. With respect to telecommunications equipment and service providers, any Co-owner installing or having such equipment installed shall provide written notice to the Association not less than twenty-four (24) hours prior to installation so that the Association has an opportunity to assure telecommunications equipment is not installed on General Common Elements or in violation of applicable rules. The Co-owner installing or having such equipment installed shall provide the name of the service provider and the name of the owner of the telecommunications equipment to the Association so that the Association will know who to contact in the event telecommunications equipment is damaged, installed in an unsafe manner or is maintained in an unsafe or unsightly manner.
- (c) No Appropriation. Any telecommunications equipment installed on or in a Unit or Limited Common Element may not appropriate any General Common Elements or pass through any General Common Elements without the Association's prior written approval.
- (d) No Air Space Benefits. Co-owners seeking to install telecommunications equipment should take notice of the

applicable legal theory as recognized in FCC Rulings, the air space of the Condominium Project, as well as all General Common Elements, specifically identified in the Condominium Documents. Therefore, telecommunications equipment to be placed on General Common Elements are subject to the approval rights as set forth in Section 6.23(a) and would be subject to approval, as would telecommunications equipment placed on balconies or porches which project into General Common Element air space.

- (e) Definitions. The term "telecommunications equipment" for purposes of this section is to be interpreted as broadly as possible to include antennae and satellite dishes governed by FCC Rulings.
- (f) Insurance/Damage to General Common Elements. Each Co-owner installing any telecommunication equipment shall be responsible for obtaining liability insurance for such installation. The Co-owner shall also be responsible for any damage to the Common Elements and any Units resulting from the installation and maintenance of such telecommunications equipment.
- (g) This Section is intended to provide the Association with the ability to approve installation of telecommunications equipment consistent with Federal Telecommunications Commission orders, FCC 98-273, 99-360, and 00-366, implementing Section 207 of the Federal Telecommunications Act of 1996, Public Law No. 104-104, 110 Stat 114 (1996) and amending 47 C.F.R. §1.4000.

ARTICLE VII MORTGAGES

Section 7.1 Notice of Association. Any Co-Owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-Owner of such Unit. The Association shall give to the holder of any first (1st) mortgage covering any Unit 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 7.2 Insurance. The Association shall notify each mortgagee appearing in the book referenced in Section 7.1 of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage, if any.

Section 7.3 Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first (1st) mortgage lien on a Unit 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 VIII
VOTING

Section 8.1 Vote. Except as otherwise specifically provided in these By-law, each Co-Owner shall be entitled to one (1) vote for each Condominium Unit owned. With respect to those Sections if any of these By-laws which require votes to be cast on a percentage of value basis, each Co-Owner's Unit shall be assigned a number of votes proportionate to the percentage of value pertaining to such Co-Owner's Unit.

Section 8.2 Eligibility to Vote. No Co-Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented to the Association evidence that the Co-Owner owns a Unit. Except as provided in Section 11.2 of these By-laws, no Co-Owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of Members held in accordance with Section 11.2. The vote of each Co-Owner may be cast only by the individual representative designated by such Co-Owner in the notice required in Section 8.3 below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of Members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At the First Annual Meeting, and thereafter, the Developer shall be entitled to vote for each Unit which it owns.

Section 8.3 Designation of Voting Representative. Each Co-Owner may file with the Association a written notice 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 the Co-Owner. If a Co-Owner designates himself as the individual representative, he need not file any written notice with the Association. The failure of any Co-Owner to file any written notice with the Association shall create a presumption that the Co-Owner has designated himself as the voting representative. The notice shall state the name and address of the individual representative designated, the address of the Unit or Units owned by the Co-Owner and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-Owner. The notice shall be signed and dated by the Co-Owner. An individual representative may be changed by the Co-Owner at any time by filing a new notice in accordance with this Section 8.3. In the event a Unit is owned by multiple Co-Owners who fail to designate an individual voting representative for such Co-Owners, the Co-Owner whose name first appears on record title shall be deemed to be the individual representative authorized to vote on behalf of all the multiple Co-Owners of the Unit(s) and any vote cast in person or by proxy by said individual representative shall be binding upon all such multiple Co-Owners.

Section 8.4 Quorum. The presence in person or by proxy of Co-Owners representing thirty-five (35%) percent of the total number of votes of all Co-Owners qualified to vote [based on one (1) vote per Unit for quorum purposes] shall constitute a quorum for holding a meeting of the Members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which said person is not otherwise present in person or by

proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 8.5 Voting. Votes may be cast in person or by proxy by writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the secretary of the Association at or before, the appointed time of each meeting of the Members of the Association. Cumulative voting shall not be permitted.

Section 8.6 Majority. When an action is to be authorized by vote of the Co-Owners of the Association, the action must be authorized by a majority of the votes cast at a meeting duly called for such purpose, unless a greater percentage vote is required by the Master Deed, these By-laws or the Condominium Act.

ARTICLE IX MEETINGS

Section 9.1 Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-Owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with generally recognized rules of parliamentary procedure, which are not in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 9.2 First Annual Meeting. The First Annual Meeting of Members of the Association may be convened by the Developer in its discretion after fifty (50%) percent of the Units which may be created are sold. The First Annual Meeting must be held: (i) within one hundred twenty (120) days following the conveyance of legal or equitable title to non-developer Co-Owners of seventy-five (75%) percent of all Units that may be created; or (ii) fifty-four (54) months from the first (1st) conveyance to a non-developer Co-Owner of legal or equitable title to a Unit, whichever is the earlier to occur. 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's individual representative. The phrase "Units that may be created" as used in this Section 9.2 and elsewhere in the Condominium Documents refers to the maximum number of Units which the Developer is permitted to include in all phases of the Condominium Project under the Condominium Documents.

Section 9.3 Annual Meetings. Annual meetings of Association Members shall be held not later than May 30 of each succeeding year following the year in which the First Annual Meeting is held, at a time and place determined by the Board of Directors. At each annual meeting, the Co-Owners shall elect members of the Board of Directors in accordance with Article XI of these By-laws. The Co-Owners may also transact at annual meetings such other Association business as may properly come before them.

Section 9.4 Special Meetings. The President shall call a special meeting of Members as directed by resolution of the Board of Directors or upon presentation to the Association's secretary of a petition signed by Co-Owners representing thirty-five (35%) percent of the votes of all Co-Owners qualified to vote [based upon one (1) vote per Unit] 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 9.5 Notice of Meetings. The secretary (or other Association officer in the secretary's absence) shall provide each Co-Owner of record, or, if applicable, a Co-Owner's individual representative, with notice of each annual or special meeting, stating the purpose thereof and the time and place where it is to be held. A notice of an annual or special meeting shall be served at least ten (10) days but not more than sixty (60) days prior to each meeting. The mailing postage prepaid, of a notice to the individual representative of each Co-Owner at the address shown in the notice filed with the Association under Section 8.3 of these By-laws shall be deemed properly served. Any Co-Owner or individual representative may waive such notice, by filing with the Association a written waiver of notice signed by such Co-Owner or individual representative.

Section 9.6 Adjournment. If any meeting of Co-Owners cannot be held because a quorum is not in attendance, the Co-Owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. When a meeting is adjourned to another time or place, it is not necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and only such business is transacted at the adjourned meeting as might have been transacted at the original meeting. However, if after the adjournment, the Board of Directors fixes a new record date for the adjourned meeting, a notice of adjourned meeting shall be given to each Co-Owner or Co-Owner's individual representative. If a meeting is adjourned in accordance with the provisions of this Section 9.6 due to the lack of a quorum, the required quorum at the subsequent meeting shall be two thirds (2/3) of the required quorum for the meeting that was adjourned, provided that the Board of Directors provides each Co-Owner (or Co-Owner's individual representative) with notice of the adjourned meeting in accordance with Section 9.5 above and provided further the subsequent meeting is held within sixty (60) days from the date of the adjourned meeting.

Section 9.7 Action Without Meeting. If the Association's Articles of Incorporation so provide, any action required or permitted to be taken at any meeting of Members may be taken without a meeting, without prior notice and without a vote, if a written consent, setting forth the actions so taken, is signed by the Co-Owners (or their individual representatives) having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all Co-Owners entitled to vote thereon were present and voted. Prompt notice of any action that is taken without a meeting by less than unanimous written consent shall be given to the Co-Owners who have not consented in writing.

ARTICLE X

ADVISORY COMMITTEE

Within one (1) year after the first (1st) conveyance to a non-developer Co-Owner of legal or equitable title to a Unit in the Project or within one hundred twenty (120) days following the conveyance to non-developer Co-Owners of one-third (1/3) of the total number of Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-developer Co-Owners. The Committee shall be established in any manner the Developer deems advisable. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the non-developer Co-Owners and to aid in the transition of control of the Association from the Developer to purchaser Co-Owners. The Advisory Committee shall automatically cease to exist when a majority of the Board of Directors of the Association is elected by non-developer Co-Owners. The Developer may at any time remove and replace at its discretion any member of the Advisory Committee.

ARTICLE XI
BOARD OF DIRECTORS

Section 11.1 Number and Qualification of Directors. The Board of Directors shall initially be comprised of three (3) Directors. At such time as the non-developer Co-Owners are entitled to elect two (2) members of the Board of Directors in accordance with Section 11.2 below the Board shall automatically be increased in size from three (3) to five (5) persons. At such time as the Board of Directors is increased to five (5) persons all Directors must be Co-Owners or officers partners, trustees or employees of Co-Owners that are entities.

Section 11.2 Election of Directors.

- (a) First Board of Directors. Until such time as the non-developer Co-Owners are entitled to elect one (1) of the members of the Board of Directors, the Developer shall select all of the Directors which persons may be removed or replaced by Developer in its discretion.
- (b) Appointment of Non-Developer Co-Owners to Board Prior to the First Annual Meeting. Not later than one hundred twenty (120) days following the conveyance to non-developer Co-Owners of legal or equitable title to twenty-five (25%) percent of the Units that may be created, one (1) member of the Board of Directors shall be elected by non-developer Co-Owners. The remaining Members of the Board of Directors shall be selected by the Developer. Not later than one hundred twenty (120) days following the conveyance to non-developer Co-Owners of legal or equitable title to fifty (50%) percent of the Units that may be created, the Board of Directors shall be increased to five (5) Members and two (2) of the five (5) Directors shall be elected by non-developer Co-Owners. The remaining Members of the Board of Directors shall be selected by the Developer. When the required percentage levels of conveyance have been reached, the Developer shall notify the non-developer Co-Owners and request that they hold a meeting to elect the required

number of Directors. Upon certification by the Co-Owners to the Developer of the Director or Directors elected, the Developer shall immediately appoint such Director or Directors to the Board, to serve until the First Annual Meeting of Co-Owners, unless he is removed pursuant to Section 11.7 or he resigns or becomes incapacitated.

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

- (i) Not later than one hundred twenty (120) days following the conveyance to non-developer Co-Owners of legal or equitable title to seventy-five (75%) percent of the Units that may be created, the non-developer Co-Owners shall elect all of the Directors on the Board, except that the Developer shall have the right to designate at least one (1) Director so long as the Developer owns and offers for sale at least ten (10%) percent of the Units in the Project or as long as the Units that remain to be created and sold equal at least ten (10%) percent of all Units that may be created in the Project. Whenever the seventy-five (75%) percent conveyance level is achieved, a meeting of Co-Owners shall promptly be convened to effectuate this provision, even if the First Annual Meeting has already occurred.
- (ii) Regardless of the percentage of Units which have been conveyed, upon the elapse of fifty-four (54) months after the first (1st) conveyance to a non-developer Co-Owner of legal or equitable title to a Unit on the Project, and if title to not less than seventy-five (75%) percent of the Units that may be created has not been conveyed, the non-developer Co-Owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in Section 11.2(b) or 11.2(c)(i) above. Application of this Subsection does not require a change in the size of the Board of Directors.
- (iii) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-Owners have the right to elect under Subsection (ii) above, or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-Owners under Subsection (b) results in a right of non-developer Co-Owners to elect a fractional number of members of the Board of Directors, then a fractional election right of one-half (0.5) or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the

non-developer Co-Owners have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this Subsection shall not eliminate the right of the Developer to designate one (1) Director as provided in Subsection (i) above.

- (iv) At such time as the non-developer Co-Owners are entitled to elect all of the Directors, three (3) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. At such meeting, all nominees shall stand for election as one (1) slate and the three (3) persons receiving the highest number of votes shall be elected for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either two (2) or three (3) Directors shall be elected depending upon the number of Directors whose terms expire, and the term of office of each Director shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first (1st) meeting.

Section 11.3 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things which are not prohibited by the Condominium Documents or specifically required to be exercised and performed by the Co-Owners.

Section 11.4 Specific Powers and Duties. In addition to the duties imposed by these By-laws or any further duties which may be imposed by resolution of the Co-Owners of the Association, the Board of Directors shall have the following powers and duties:

- (a) To manage and administer the affairs of and maintain the Condominium Project and the Common Elements.
- (b) To collect assessments from the Co-Owners and to expend the proceeds for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds.
- (d) To reconstruct or repair improvements after casualty.
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.
- (f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall also be approved by the affirmative vote of the Co-Owners (or their individual representatives) representing seventy-five (75%) percent of the total percentages of value of all Co-Owners qualified to vote.
- (h) To establish rules and regulations in accordance with Section 6.20 of these By-laws.
- (i) To establish such committees as the Board of Directors 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 exclusively performed by the Board to enforce the provisions of the Condominium Documents.

Section 11.5 Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at a 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 11.3 and 11.4, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be exclusively performed by or have the approval of the Board of Directors or the Members of the Association.

Section 11.6 Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the Co-Owners 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 (1st) instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association. Vacancies among non-developer Co-Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-Owners and shall be filled in the manner as specified in Section 11.2(b).

Section 11.7 Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, anyone (1) or more of the Directors elected by the non-developer Co-Owners may be removed with or without cause by the affirmative vote of the Co-Owners (or their individual representatives) who represent greater than fifty (50%) percent of the total votes of all Co-Owners qualified to vote, and a successor may then and there be elected to fill any vacancy thus created. Any Director whose removal has been proposed by a Co-Owner 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. Any Director selected by the non-developer Co-Owners to serve before the First Annual Meeting may also be removed by such Co-Owners before the First Annual Meeting in the manner described in this Section 11.7.

Section 11.8 First Meeting. The first (1st) meeting of the elected Board of Directors shall be held within ten (10) days of election at a time and place fixed by the Directors at the meeting' at which such Directors were elected, and no notice shall be necessary in order to legally convene such meeting, provided a majority of the Board shall be present.

Section 11.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year of the Association. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone, facsimile or E-mail at least ten (10) days prior to the date named for such meeting.

Section 11.10 Special Meeting. 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, facsimile or E-mail, 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 on the written request of two (2) or more Directors.

Section 11.11 Quorum and Required Vote of Board of Directors. At all meetings of the Board of Directors, a majority of the members of the Board of Directors then in office shall constitute a quorum. The vote of the majority of Directors at a meeting at which a quorum is present constitutes the action of the Board of Directors, unless a greater plurality is required by the Michigan Non-profit Corporation Act the Articles of Incorporation, the Master Deed or these By-laws. If a quorum is not present at any meeting of the Board of Directors, the Directors present at such meeting may adjourn the meeting from time to time without notice other than an announcement at the meeting, until the quorum shall be present.

Section 11.12 Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent in writing. The written consent shall be filed with the minutes of the proceedings of the Board of Directors. The consent has the same effect as a vote of the Board of Directors for all purposes.

Section 11.13 Participation in a Meeting by Telephone. A Director may participate in a meeting by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 11.13 constitutes presence at the meeting.

Section 11.14 Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

Section 11.15 Compensation. The Board of Directors shall not receive any compensation for rendering services in their capacity as Directors, unless approved by the Co-Owners (or their individual representatives) who represent sixty (60%) percent or more of the total votes of all Co-Owners qualified to vote.

ARTICLE XII OFFICERS

Section 12.1 Selection of Officers. The Board of Directors, at a meeting called for such purpose, shall appoint a president, secretary and treasurer. The Board of Directors may also appoint one (1) or more vice-presidents and such other officers, employees and agents as the Board shall deem necessary, which officers, employees and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. Two (2) or more offices, except that of president and vice-president, may be held by one (1) person who may also be a Director. An officer shall be a Co-Owner, or shareholder, officer, director, employee or partner of a Co-Owner that is an entity.

Section 12.2 Term, Removal and Vacancies. Each officer of the Association shall hold office for the term for which he is appointed until his successor is elected or appointed, or until his resignation or removal. Any officer appointed by the Board of Directors may be removed by the Board of Directors with or without cause at any time. Any officer may resign by written notice to the Board of Directors. Any vacancy occurring in any office may be filled by the Board of Directors.

Section 12.3 President. The president shall be a Member of the Board of Directors and shall act as the chief executive officer of the Association. The president 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, subject to Section 12.1.

Section 12.4 Vice President. 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 do so on an interim basis. The vice president shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 12.5 Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Co-Owners of the Association. He shall have charge of the corporate seal if any, 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 12.6 Treasurer. The treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in book\$ 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.

ARTICLE XIII
SEAL

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

ARTICLE XIV
FINANCE

Section 14.1 Records. The Association shall keep detailed books of account showing all expenditures and receipts of 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 and the Co-Owners. Such accounts and all other Association records shall be open for inspection by the Co-Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-Owner at least once a year a financial statement, the contents of which shall be determined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Upon request, any institutional holder of a first (1st) mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within ninety (90) days following the end of the Association's fiscal. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 14.2 Fiscal Year. The fiscal year of the Association shall be an annual period commencing on the date initially determined by the Directors. The Association's fiscal year may be changed by the Board of Directors in its discretion.

Section 14.3 Bank Accounts. The Association's funds shall initially be deposited in such bank or savings association as may be designated by the Directors. All checks, drafts and order of payment of money shall be signed in the name of the Association in such manner and by such person or persons as the Board of Directors shall from time to time designate for that purpose. The Association's funds may be invested from time to time in accounts or deposit certificates of such bank or savings association that are insured by the Federal Deposit Insurance Corporation of the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XV
INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 15.1 Third Party Actions. To the fullest extent permitted by the Michigan Non-profit Corporation Act, the Association shall, subject to Section 15.5 below, indemnify any person who was or is a party defendant or is threatened to be made a party defendant to any threatened, pending or completed action, suit or proceeding, whether civil criminal

administrative or investigative other than an action by or in the right of the Association) by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including actual and reasonable attorney fees, judgments, fines and amounts reasonably paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association or its members, and with respect to any criminal action or proceeding, had no reasonable cause to believe his 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, shall not, of itself, create a presumption: (a) that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association or its members; and (b) with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 15.2 Actions in the Right of the Association. To the fullest extent permitted by the Michigan Non-profit Corporation Act, the Association shall, subject to Section 15.5 below, indemnify any person who was or is a party defendant to or is threatened to be made a party defendant of any 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 he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including actual and reasonable attorney fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit and amounts reasonably paid in settlement if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association or its members, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 15.3 Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have power to indemnify him against such liability under Sections 15.1 and 15.2. In addition, the Association may purchase and maintain insurance for its own benefit to indemnify it against any liabilities it may have as a result of its obligations of indemnification made under Sections 15.1 and 15.2.

Section 15.4 Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 15.1 and 15.2, or in defense of any claim, issue or matter therein or to the extent such person incurs expenses (including actual and reasonable attorney fees) in successfully enforcing the provisions of this Article XV, he shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him in connection therewith.

Section

Section 15.5 Determination that Indemnification is Proper. Any indemnification under Sections 15.1 and 15.2 (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 person is proper under the circumstances, because he has met the applicable standard of conduct set forth in Section 15.1 or 15.2, whichever is applicable. Notwithstanding anything to the contrary contained in this Article XV, in no event shall any person be entitled to any indemnification under the provisions of this Article XV if he is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his duties. The determination to extend such indemnification shall be made in anyone (1) of the following ways:

- (a) By a majority vote of a quorum of the Board of Directors consisting of Directors who were not parties to such action, suit or proceeding.
- (b) If such quorum described in (a) is not obtainable, then by majority vote of a committee of Directors who are not parties to the action, suit or proceeding; The committee shall consist of not less than two (2) disinterested Directors; or
- (c) If such quorum described in (a) is not obtainable (or, even if obtainable, a quorum of disinterested Directors, so directs), by independent legal counsel in a written opinion. If the Association determines that full indemnification is not proper under Sections 15.1 or 15.2, it may nonetheless determine to make whatever partial indemnification it deems proper, At least ten (10) days prior to the payment of any indemnification claim which is approved, the Board of Directors shall provide all Co-Owners with written notice, thereof.

Section 15.6 Expense Advance. Expenses incurred in defending a civil or criminal action suit or proceeding described in Section 15.1 and 15.2 may be paid by the Association in advance of the final disposition of such action, suit or proceeding as provided in Section 15.4 upon receipt of an undertaking by or on behalf of the person involved to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association. At least ten (10) days prior to advancing any expenses to any person under this Section 15.6, the Board of Directors shall provide all Co-Owners with written notice thereof.

Section 15.7 Former Representative, Officers, Employees or Agents. Officers, Employees or The indemnification provided in the this Article XV shall continue as to a person who has ceased to be a Director,

officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 15.8 Changes in Michigan Law. In the event of any change of the Michigan statutory provisions applicable to the Association relating to the subject matter of this Article XV, the indemnification to which any person shall be entitled hereunder arising out of acts or omissions occurring after the effective date of such amendment shall be determined by such changed provisions. No amendment to or repeal of Michigan law with respect to indemnification shall restrict the Association's indemnification undertaking herein with respect to acts or omissions occurring prior to such amendment or repeal. The Board of Directors are authorized to amend this Article XV to conform to any such changed statutory provisions.

ARTICLE XVI.
AMENDMENTS

Section 16.1 By Developer. In addition to the rights of amendment provided to the Developer in the various Articles of the Master Deed, the Developer may, during the Construction and Sales Period and for a period of two (2) years following the expiration of the Construction and Sales Period, and without the consent of any Co-Owner, mortgagee or any other person; amend these By-laws provided such amendment or amendments do not materially alter the rights of Co-Owners or mortgagees, and provided further that any amendment to the Master Deed or these By-Laws which affects the rights and/or duties of the City, shall require the prior written approval of the City to ensure its consistency with the terms and conditions of the Consent Judgment.

Section 16.2 Proposal. Amendments to these By-laws may be proposed by the Board of Directors of the Association upon the vote of the majority of the Directors or may be proposed by one-third (1/3) or more in number of the Co-Owners by a written instrument identifying the proposed amendment and signed by the applicable Co-Owners.

Section 16.3 Meeting. If any amendment to these By-laws is proposed by the Board of Directors or the Co-Owners, a meeting for consideration of the proposal shall be duly called in accordance with the provisions of these By-laws.

Section 16.4 Voting. These By-laws may be amended by the Co-Owners at any regular meeting or a special meeting called for such purpose by an affirmative vote of sixty-six and two-thirds (66 2/3%) percent or more of the total votes of all Co-Owners qualified to vote, as determined on a percentage of value basis. No consent of mortgagees shall be required to amend these By-laws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of sixty-six and two-thirds (66 2/3%) percent of all mortgagees of Units shall be required. Each mortgagee shall have one (1) vote for each mortgage held. Notwithstanding anything to the contrary contained in this Article XVI, during the Construction and Sales Period, these By-laws shall not be amended in any way without the prior written consent of the Developer.

Section 16.5 Effective Date of Amendment. Any amendment to these By-laws shall become effective upon the recording of such amendment in the office of the Oakland County Register of Deeds.

Section 16.6 Binding Effect. A copy of each amendment to the By-laws shall be furnished to every Member of the Association after its adoption; provided, however, that any amendment to these By-laws that is adopted in accordance with this Article XVI shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVII COMPLIANCE

The Association and any Co-Owners and all present or future Co-Owners, tenants, future tenants, and any other persons acquiring an interest in or using the facilities of the Project in any manner are subject to and shall comply with the Condominium Act, as amended, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium Premises shall signify that the Condominium Documents are accepted and ratified. In the event, the Condominium Documents conflict with the provisions of the Condominium Act, the Condominium Act shall govern.

ARTICLE XVIII REMEDIES FOR DEFAULT

Any default by a Co-Owner of its obligations under any of the Condominium Documents shall entitle the Association or another Co-Owner or Co-Owners to the following relief:

Section 18.1 Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without limitation, an action to recover damages, injunctive relief, foreclosure of lien (if there is a default in the payment of an assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-Owner or Co-Owners.

Section 18.2 Recovery of Costs. In any proceeding arising because of an alleged default by any Co-Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-Owner be entitled to recover such attorneys' fees.

Section 18.3 Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit and the improvements thereon, where reasonably necessary, and summarily and abate, at the expense of the Co-Owner in violation, any structure or condition existing or maintained in violation of the provisions of the Condominium Documents. The Association shall have no liability to any Co-Owner arising out of the exercise of its rights under this Section 18.3.

Section 18.4 Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-Owner shall be grounds for the assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the applicable Co-Owner. No fine may be assessed unless rules and regulations establishing such fines have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-Owners in the same manner as prescribed in Section 9.5 of these By-laws. Thereafter, fines may be assessed only upon notice to the offending Co-Owner, and an opportunity for such Co-Owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these By-laws. No fine shall be levied for the first (1st) violation. No fine shall exceed Twenty-Five and 00/100 (\$25.00) Dollars for the second (2nd) violation, Fifty and 00/100 (\$50.00) Dollars for the third (3rd) violation or One Hundred and 00/100 (\$100.00) Dollars for any subsequent violation.

Section 18.5. Non-waiver of Rights. The failure of the Association or of any Co-Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-Owner to enforce such right, provision, covenant or condition in the future.

Section 18.6 Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-Owner or Co-Owners pursuant to any of the terms, provisions, covenants or conditions of the Condominium Documents shall be deemed to be cumulative and the exercise of anyone (1) or more of such rights or remedies shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party under the Condominium Documents at law or in equity.

Section 18.7 Enforcement of Provisions of Condominium Documents. Co-Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-Owner may maintain an action against any other Co-Owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Condominium Act.

ARTICLE XIX
RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use or proposed action or any other matter, may be assigned by the Developer to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate written instrument in which the assignee or transferee evidences its consent to the acceptance of such powers and rights. Any rights and powers reserved or retained by Developer or its successors and assigns shall expire, at the conclusion of two (2) years following the expiration of the Construction and Sales Period, except as otherwise expressly provided in the Condominium Documents. The immediately preceding sentence dealing with the expiration and termination of

certain rights and powers granted or reserved to the Developer are intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder) and which shall be governed only in accordance with the terms of the instruments, documents or agreements that created or reserved such property rights.

**ARTICLE XX
SEVERABILITY**

In the event that any of the terms, provisions or covenants of these By-laws or the Condominium Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such invalidity shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 15.8 Changes in Michigan Law. In the event of any change of the Michigan statutory provisions applicable to the Association relating to the subject matter of this Article XV, the indemnification to which any person shall be entitled hereunder arising out of acts or omissions occurring after the effective date of such amendment shall be determined by such changed provisions. No amendment to or repeal of Michigan law with respect to indemnification shall restrict the Association's indemnification undertaking herein with respect to acts or omissions occurring prior to such amendment or repeal. The Board of Directors are authorized to amend this Article XV to conform to any such changed statutory provisions.

ARTICLE XVI AMENDMENTS

Section 16.1 By Developer. In addition to the rights of amendment provided to the Developer in the various Articles of the Master Deed, the Developer may, during the Construction and Sales Period and for a period of two (2) years following the expiration of the Construction and Sales Period, and without the consent of any Co-Owner, mortgagee or any other person, amend these By-laws provided such amendment or amendments do not materially alter the rights of Co-Owners or mortgagees, and provided further that any amendment to the Master Deed or these By-Laws which affects the rights and/or duties of the City, shall require the prior written approval of the City to ensure its consistency with the terms and conditions of the Consent Judgment.

Section 16.2 Proposal. Amendments to these By-laws may be proposed by the Board of Directors of the Association upon the vote of the majority of the Directors or may be proposed by one-third (1/3) or more in number of the Co-Owners by a written instrument identifying the proposed amendment and signed by the applicable Co-Owners.

Section 16.3 Meeting. If any amendment to these By-laws is proposed by the Board of Directors or the Co-Owners, a meeting for consideration of the proposal shall be duly called in accordance with the provisions of these By-laws.

Section 16.4 Voting. These By-laws may be amended by the Co-Owners at any regular meeting or a special meeting called for such purpose by an affirmative vote of sixty-six and two-thirds (66 2/3%) percent or more of the total votes of all Co-Owners qualified to vote, as determined on a percentage of value basis. No consent of mortgagees shall be required to amend these By-laws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of sixty-six and two-thirds (66 2/3%) percent of all mortgagees of Units shall be required. Each mortgagee shall have one (1) vote for each mortgage held. Notwithstanding anything to the contrary contained in this Article XVI, during the Construction and Sales Period, these By-laws shall not be amended in any way without the prior written consent of the Developer.

Section 16.5 Effective Date of Amendment. Any amendment to these By-laws shall become effective upon the recording of such amendment in the office of the Oakland County Register of Deeds.

Section 16.6 Binding Effect. A copy of each amendment to the By-laws shall be furnished to every Member of the Association after its adoption; provided, however, that any amendment to these By-laws that is adopted in accordance with this Article XVI shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVII COMPLIANCE

The Association and any Co-Owners and all present or future Co-Owners, tenants, future tenants, and any other persons acquiring an interest in or using the facilities of the Project in any manner are subject to and shall comply with the Condominium Act, as amended, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium Premises shall signify that the Condominium Documents are accepted and ratified. In the event, the Condominium Documents conflict with the provisions of the Condominium Act, the Condominium Act shall govern.

ARTICLE XVIII REMEDIES FOR DEFAULT

Any default by a Co-Owner of its obligations under any of the Condominium Documents shall entitle the Association or another Co-Owner or Co-Owners to the following relief:

Section 18.1 Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without limitation, an action to recover damages, injunctive relief, foreclosure of lien (if there is a default in the payment of an assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-Owner or Co-Owners.

Section 18.2 Recovery of Costs. In any proceeding arising because of an alleged default by any Co-Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-Owner be entitled to recover such attorneys' fees.

Section 18.3 Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit and the improvements thereon, where reasonably necessary, and summarily and abate, at the expense of the Co-Owner in violation, any structure or condition existing or maintained in violation of the provisions of the Condominium Documents. The Association shall have no liability to any Co-Owner arising out of the exercise of its rights under this Section 18.3.

Section 18.4 Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-Owner shall be grounds for the assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the applicable Co-Owner. No fine may be assessed unless rules and regulations establishing such fines have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-Owners in the same manner as prescribed in Section 9.5 of these By-laws. Thereafter, fines may be assessed only upon notice to the offending Co-Owner, and an opportunity for such Co-Owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these By-laws. No fine shall be levied for the first (1st) violation. No fine shall exceed Twenty-Five and 00/100 (\$25.00) Dollars for the second (2nd) violation, Fifty and 00/100 (\$50.00) Dollars for the third (3rd) violation or One Hundred and 00/100 (\$100.00) Dollars for any subsequent violation.

Section 18.5. Non-waiver of Rights. The failure of the Association or of any Co-Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-Owner to enforce such right, provision, covenant or condition in the future.

Section 18.6 Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-Owner or Co-Owners pursuant to any of the terms, provisions, covenants or conditions of the Condominium Documents shall be deemed to be cumulative and the exercise of anyone (1) or more of such rights or remedies shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party under the Condominium Documents at law or in equity.

Section 18.7 Enforcement of Provisions of Condominium Documents. Co-Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-Owner may maintain an action against any other Co-Owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Condominium Act.

**ARTICLE XIX
RIGHTS RESERVED TO DEVELOPER**

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use or proposed action or any other matter, may be assigned by the Developer to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate written instrument in which the assignee or transferee evidences its consent to the acceptance of such powers and rights. Any rights and powers reserved or retained by Developer or its successors and assigns shall expire, at the conclusion of two (2) years following the expiration of the Construction and Sales Period, except as otherwise expressly provided in the Condominium Documents. The immediately preceding sentence dealing with the expiration and termination of

certain rights and powers granted or reserved to the Developer are intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder) and which shall be governed only in accordance with the terms of the instruments, documents or agreements that created or reserved such property rights.

**ARTICLE XX
SEVERABILITY**

In the event that any of the terms, provisions or covenants of these By-laws or the Condominium Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such invalidity shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.