

Article I

ASSOCIATION OF CO-OWNERS

Section 1. Valley View Condominium located at 32000 Grand River, City of Farmington, County of Oakland, Michigan, shall be a non-profit corporation, hereinafter called the "Association", organized under the laws of the State of Michigan.

Section 2. (a) The Association shall be organized to manage, maintain and operate the Condominium in accordance with the Master Deed, these Bylaws, the Articles of Incorporation and Bylaws of the Association and the laws of the State of Michigan. The Association may provide for independent management of the Condominium project.

(b) The Project shall be built in stages, A Master Deed will be drawn, executed, and recorded for each successive Section of the overall Project. Upon completion of the Project, a Superseding Consolidated Master Deed will be executed and recorded, which will replace the previous Master Deeds for each Section. The Superseding Consolidated Master Deed shall establish the schedule of values, and all rights of the Co-owners in the entire project and shall abrogate all rights created by any prior Master Deed.

Section 3. Membership in the Association and voting by members of the Association shall be in accordance with the following provisions:

(a) Each co-owner shall be a member of the Association and no other person or entity shall be entitled to membership.

(b) The share of a co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his apartment in the Condominium.

(c) Except as limited in these Bylaws, each co-owner shall be entitled to one vote the value of which shall equal the total of the percentages allocated to the apartments owned by such co-owner as set forth in paragraph "SIXTH" of the Master Deed. Voting shall be by value except in those instances where voting is required to be in value and in number.

(d) No co-owner, other than the developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of an apartment in the Condominium project to the Association. The vote of each co-owner may only be cast by the individual representative designated by such co-owner in the notice required in subparagraph "e" below or by proxy given by such individual representative.

(e) Each co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the apartment or apartments owned by the co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other legal entity who is the co-owner. Such notice shall be signed and dated by the co-owner. The individual representative designated may be changed by the co-owner at any time by filing a new notice in the manner herein provided.

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(f) There shall be an annual meeting of the members of the Association. Other meetings may be provided for in the Bylaws of the Association. Notice of the time, place and subject matter of all meetings shall be given to each co-owner by mailing the same to each individual representative designated by the respective co-owners.

(g) The presence in person or by written consent of twenty-five (25%) percent in number and in value of the co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association.

(h) Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

(i) A majority shall consist of more than fifty (50%) percent in value of those qualified to vote and present in person or by proxy at a given meeting of the members of the Association or, when required, more than seventy-five (75%) percent of all co-owners in number and in value and present in person or by proxy, or written consent if applicable, at a given meeting of the members of the Association.

Section 4. 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 shall be open for inspection by the co-owners during reasonable working hours and shall be audited annually by qualified auditors. The cost of such audit shall be an expense of administration

Section 5. Each member of the Board of Directors must be a member of the Association with the exception of the First Board of Directors designated in the Articles of Incorporation of the Association.

Section 6. The first meeting of the members of the Association shall be held within 90 days after conveyance by the Developer of more than fifty (50%) percent in value and in number of the apartments in the Condominium. Until the first meeting of members, the affairs of the Association shall be managed by the first Board of Directors named in the Articles of Incorporation of the Association.

ARTICLE II

ASSESSMENTS

Section 1. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 2. All costs incurred by the Association in satisfaction of any liability arising within, caused by or in connection with the common elements or the administration of the Condominium shall be expenses of administration within the meaning of Section 15 of Public Act 229 of 1963, as amended;

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and all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association securing the interests of the co-owners against liabilities or losses arising within, caused by or connected with the common elements or the administration shall be receipts of administration.

Section 3. All assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners in accordance with the percentage of value allocated to each apartment in paragraph "SIXTH" of the Master Deed without increase or decrease for the existence of any rights to the use of limited common elements appurtenant to an apartment. Assessments shall be due and payable at such times as the Association shall determine, commencing with acceptance of a deed to an apartment. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear interest at the rate of six (6%) percent per annum until paid in full.

Section 4. No co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the common elements or by the abandonment of his apartment.

Section 5. The Association may enforce collection of delinquent assessments by suit at law for a money judgment or by foreclosure of the lien securing payment. In an action for foreclosure, a receiver may be appointed to collect a reasonable rental for the apartment from the co-owner thereof. The expenses incurred in collecting unpaid assessments including interest, costs and attorneys' fees, shall be chargeable to the co-owner in default. The Association may also discontinue the furnishing of any services to a co-owner in default upon seven (7) days written notice to such co-owner of its intent to do so. A co-owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues.

Section 6. During the development and sale period, the Developer of the Condominium shall not be responsible for payment of the monthly Association assessment. However, Developer shall be required to pay a proportionate share of Association maintenance expense based upon the ratio of unsold apartments at the time the expense is incurred to the total number of apartments in the condominium.

ARTICLE III

ARBITRATION

Section 1. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Master Deed, Bylaws, or the management agreement, if any, or any disputes, claims or grievances arising among or between co-owners or between co-owners and the Association shall, upon the election and written consent of the parties to any such disputes, claims or grievances and written notice to the Association, be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding. The Commercial Arbitration Rules of the

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American Arbitration Association in effect December 1, 1967 and as amended from time to time thereafter, shall be applicable to any such arbitration to the extent consistent with the laws of the State of Michigan, and the award of the arbitrators shall be final and binding upon the parties; provided that notwithstanding any other provision of these Bylaws, all such disputes shall be decided pursuant to the Michigan Arbitration Act (being C.L. 48, §600.5001 et.seq. as it may hereafter be amended) to wit: that a judgment of any Circuit Court may be rendered upon the decision of the arbitrators.

Section 2. No co-owners or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election by co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim, or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the premises of the Condominium project, and such insurance, other than title insurance, shall be carried in accordance with the following provisions:

(a) All such insurance shall be purchased by the Association for the benefit of the Association and the co-owners and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners. Co-owners may obtain insurance coverage at their own expense upon their apartments and personal property or for their personal liability.

(b) All buildings, improvements, personal property and other common elements of the Condominium project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. The Association shall also carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use, including but not limited to vandalism and malicious mischief. The liability insurance carried by the Association shall, where appropriate, contain cross-liability-endorsements to cover liability of the co-owners as a group to another co-owner.

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

(d) Proceeds of all insurance policies owned by the

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

ARTICLE V

RECONSTRUCTION OF REPAIR

Section 1. If any part of the Condominium property shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(a) If the damaged property is a common element or an apartment, the property shall be rebuilt or repaired if any apartment in the Condominium is tenantable, unless it is determined that the Condominium shall be terminated.

(b) If the Condominium is so damaged that no apartment is tenantable, the damaged property shall not be rebuilt unless seventy-five (75%) percent or more of the co-owners in value and in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

Section 2. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the project.

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Section 3. If the damage is only to a part of an apartment which is the responsibility of a co-owner to maintain and repair, it shall be the responsibility of the co-owner to repair such damage in accordance with Section 4 hereof. In all other cases the responsibility for reconstruction and repair shall be that of the Association.

Section 4. Each co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his apartment. Each co-owner shall also be responsible for the costs of any reconstruction, repair or maintenance to any other portion of the Condominium necessitated by his negligence or misuse or the negligence or any misuse by his family, guests, agents, servants, employees or contractors to the extent that the cost of such reconstruction, repair or maintenance is not covered by insurance maintained by the Association. In the event damage to a co-owner's apartment is covered by insurance held by the Association for the benefit of the co-owner, the co-owner shall begin reconstruction or repair of the damage upon receipt of the insurance proceeds from the Association. The Association shall be responsible for the reconstruction, repair and maintenance of the common elements and any incidental damage to an apartment caused by such common element or the reconstruction, repair or maintenance thereof.

Section 5. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the costs to place the damaged property in a condition as good as that existing before the damage.

Section 6. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair by the Association, or if at any time during reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the co-owners who own or who are responsible for the costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated costs of repair.

Section 7. The portion of insurance proceeds representing damage for which the responsibility of reconstruction or repair lies with a co-owner shall be paid to the co-owner if there is a mortgage endorsement, then to the co-owner and the mortgagee jointly, and such proceeds shall be used for reconstruction or repair when required by these Bylaws.

Section 8. After complete or partial destruction of the Condominium as a result of any casualty, after any taking of the Condominium by eminent domain, or at any other time, the Condominium may be modified or terminated by the unanimous agreement of the co-owners by vote or written consent, which agreement shall be evidenced by an instrument executed in the same manner as required for the conveyance of land. Any such termination or modification shall become effective when such agreement has been recorded with the Oakland County Register of Deeds. Any such termination or modification shall comply with the requirements of Section 9 of Public Act 229, of 1963, as amended.

Section 9. In the event of any taking of the Condominium by eminent domain the vote or written consent of seventy-five (75%) percent of the remaining co-owners in value and in number shall be determinative of whether to rebuild or repair the Condominium.

ARTICLE VI
RESTRICTIONS

Section 1. No apartment in the Condominium shall be used for other than single-family residence purposes consistent with the use of single-family residences.

Section 2. No co-owner shall make alterations or structural modifications to his apartment without the written approval of the Association. The Association shall not approve any alterations or structural modifications which would jeopardize or impair the soundness, safety or appearance of the Condominium project.

Section 3. A co-owner may rent his apartment provided the occupancy is only by the lessee and his family. No rooms in an apartment may be rented and no transient tenants accommodated.

Section 4. Reasonable regulations concerning the use of the Condominium may be made and amended from time to time by the Board of the Association; provided, however, that all such regulations and amendments thereto shall be approved by not less than seventy-five (75%) percent of the co-owners in number and in value before the same shall become effective.

Copies of such regulations and amendments thereto shall be furnished to all co-owners.

Section 5. The Association or its agent shall have access to each apartment from time to time during reasonable working hours, upon notice to the co-owner, as may be necessary for the maintenance, repair, or replacement of any of the common elements. The corporation or its agent shall also have access to each apartment at all times without notice as may be necessary to make emergency repairs to prevent damage to the common elements or to another apartment.

Section 6. No co-owner may dispose of an apartment of any interest therein, by sale without approval of the Association, which approval shall be obtained in the manner hereinafter provided.

(a) A co-owner intending to make a sale of an apartment or any interest therein shall give written notice to any officer of the Association of such intention, together with the name and address of the intended purchaser and such other information as the Association may reasonably require. Said co-owner shall, by such notice, also furnish the Association with the terms and conditions of the proposed transaction. The giving of such notice shall constitute a warranty and representation by such co-owner to the Association and to any purchaser produced by said Association as hereinafter provided, that such co-owner believes the proposal to be bona fide in all respects.

(b) Within twenty (20) days after receipt of such notice of intention to sell, the Association shall either approve the transaction or furnish a purchaser satisfactory to it (and give notice thereof to the selling co-owner) who will immediately execute a contract of sale upon terms as favorable to the seller as the terms stated in the notice; provided, however, that a purchaser furnished by the Association may have not less than thirty (30) days subsequent to the date of his approval by the Association within which to close the transaction. Such seller shall be bound to consummate the transaction with such purchaser as may be approved and furnished by the Association. The approval of the Association shall be in recordable form, signed by any officer of the Association, and shall be delivered to the purchaser. Failure of the Association to either approve such sale to or furnish an appropriate substitute purchaser within such twenty (20) day period for any reason whatever shall be deemed to constitute approval, following which the Association shall, nevertheless, prepare and deliver written approval in recordable form, as aforesaid.

(c) Developer shall not be subject to this Section 6 in the initial sale of any apartment following establishment of the Condominium.

(d) This section shall not apply to a public or private sale held pursuant to foreclosure or in lieu of foreclosure of a first mortgage on any apartment; nor shall this section apply to a subsequent sale by the holder of a first mortgage who has acquired title to an apartment by purchase at a sale pursuant to foreclosure of the first mortgage held by it on such apartment.

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ARTICLE VIIMORTGAGES

Section 1. No co-owner may mortgage his apartment or any interest therein without the approval of the Association except to an institutional lender, including, without limitation, a bank, mortgage banker, pension fund, life insurance company, a State or Federal Savings & Loan Association, or a chartered State or Federal credit union. The approval of any other mortgagee may be granted upon conditions determined by the Association, or may be arbitrarily withheld. This provision shall not be construed so as to prevent the Developer from accepting a purchase money mortgage as a part of the purchase price of an apartment, nor prevent a co-owner from accepting a purchase money mortgage from a purchaser.

Section 2. Any co-owner who mortgages his apartment shall notify the Association through the management agent, if any, of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "mortgages of Apartments". The Association may, at the written request of a mortgagee of any such apartment, report any unpaid assessments due from the co-owner of such apartment.

Section 3. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

ARTICLE VIII

COMPLIANCE

Section 1. The Association of Co-owners and all present or future co-owners, tenants, future tenants, or any other persons using the facilities of the project in any manner, are subject to and shall comply with Act 229, P.A. 1963, as amended, the Master Deed and the Bylaws and the Articles of Incorporation, Bylaws rules and regulations of the Association, and the mere acquisition, occupancy or rental of apartments in the Condominium shall signify that the Master Deed and Bylaws, and the Articles of Incorporation, Bylaws, rules and regulations of the Association are accepted and ratified. In the event the Master Deed or Bylaws or Articles of Incorporation, Bylaws, rules or regulations of the Association conflict with the provisions of the statute, the statute shall govern.

Section 2. When used in the Master Deed and these Bylaws, the definition of "co-owner" found in section 2(1) of Act 229, P.A. 1963, as amended, shall be controlling.

Section 3. These Bylaws may be amended by the Association from time to time by approval of at least seventy-five (75%) percent of the co-owners in value and in number.

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