



SECOND AMENDED BY-LAWS  
OF  
SHEARER BLOCK CONDOMINIUM  
AND  
SHEARER BLOCK CONDOMINIUM OWNERS' ASSOCIATION

RECITALS

A. The original Master Deed and Bylaws for Shearer Block Condominium were recorded in the Bay County Records on July 2, 2004 at Liber 2229, Page 561, *et seq.*, as Bay County Condominium Subdivision Plan No. 54, establishing a Residential and Commercial Condominium Development pursuant to the Michigan Condominium Act, being Public Act No. 59 of 1978, as amended (encoded at MCL §559.101, *et seq.*).

B. A First Amendment to the Master Deed and Bylaws for Shearer Block Condominium were recorded in Bay County Records on September 25, 2009 at Liber 2701, Page 553, *et seq.*, as Bay County Condominium Subdivision Plan No. 54, establishing a Residential and Commercial Condominium Development pursuant to the Michigan Condominium Act, being Public Act No. 59 of 1978, as amended (encoded at MCL §559.101, *et seq.*).

C. As certified on the signature page at the end of these Bylaws, this Amendment has been approved after a meeting of the Co-Owners held in accordance with the Bylaws, Master Deed, and the Michigan Condominium Act.

D. This instrument is intended to amend and restate the Condominium Bylaws in their entirety.

I. ADOPTION OF BY-LAWS

1.1 Declaration. The provisions set forth in this document constitute the By-Laws of Shearer Block Condominium, a residential and commercial Condominium Project located in the City of Bay City, Bay County, Michigan, and are incorporated by reference into the Master Deed

and First Amendment thereto for said Condominium Project as recorded in the Office of the Bay County Register of Deeds. These By-Laws constitute both the By-Laws referred to in the Master Deed, as amended, and those provided for under the Michigan Nonprofit Corporation Act and by Section 3(8) of the Michigan Condominium Act.

1.2 Application. All Co-Owners of Condominium Units within the Condominium Project described in the Second Amended Master Deed, as amended, together with their heirs, representatives, guests, invitees, mortgagees and assigns, and all other persons or parties who acquire an interest in a Condominium Unit or Common Elements appurtenant thereto, or who enter upon the Condominium Premises, shall be subject to and bound by the provisions of these By-Laws and other Condominium Documents.

1.3 Definitions. Words and phrases herein shall have the same definitions as set forth in the Second Amended Master Deed and in the Michigan Condominium Act.

1.4 References. Portions of these By-Laws which are identified by Roman numerals are referred to as "Articles" and portions which are identified by Arabic numerals are referred to as "Sections".

## II. CO-OWNERS

2.1 Condominium Association Membership. Each Condominium Unit Co-Owner shall be a member of the Shearer Block Condominium Owners' Association, a Michigan non-profit, non-stock corporation, and no other persons or parties shall be members. Additionally, the provisions set forth in this document constitute the By-Laws of Shearer Block Condominium Owners' Association, a Michigan non-profit, non-stock corporation established pursuant to the provisions of the Master Deed and these By-Laws. Developer shall be responsible for organizing and incorporating said Shearer Block Condominium Owners' Association.

2.2 Rights of Co-Owners. Each Co-Owner shall have the unrestricted, perpetual right of access to and possession of that Co-Owner's Condominium Unit, subject to the terms, provisions, conditions and restrictions of these By-Laws and of other Condominium Documents. The Association cannot restrict the right of a Co-Owner to sell or transfer ownership of the Co-Owner's Unit or restrict a Co-Owner's right to mortgage the Unit; nor may the Association require that such mortgage be transacted through a specific lender or type of lending institution. The rights of Condominium Co-Owners provided in these By-Laws and in other Condominium Documents shall apply to the initial Co-Owners of Condominium Units and to future and

successive Co-Owners thereof, but such rights shall terminate as regards a particular person or party when that party's status as a Co-Owner of a Condominium Unit has ceased.

2.3 First Annual Meeting. The First Annual Meeting of Co-Owners of the Condominium Association shall be convened by Developer within 120 days after one Condominium Unit has been sold or conveyed to a non-developer Co-Owner. The time and place of the First Annual Meeting shall be set by the Board of Directors and at least ten days advance written notice thereof shall be given to each Co-Owner. At the First Annual Meeting, Co-Owners in accordance with the following provisions of these By-Laws, shall elect members of the Association's Board of Directors and shall transact such other business of the Association as may properly come before them. Notwithstanding the foregoing provisions of this Section 2.3, Developer prior to the First Annual Meeting may call meetings of Co-Owners for informative or other appropriate purposes.

2.4 Annual Meetings. Annual Meetings of Co-Owners shall be held during the month of August of each year following the calendar year of the First Annual Meeting at a specific time and place as determined by the Board of Directors. At least ten days advance written notice of each Annual Meeting shall be given by the Secretary to each Co-Owner. At each Annual Meeting, Co-Owners in accordance with the following provisions of these By-Laws, shall elect members of the Association's Board of Directors and may transact such other business of the Association as may properly come before them.

2.5 Special Meetings. At the direction of the Board of Directors or upon written petition, presented to the Secretary of the Association, signed by Co-Owners having one-third of total Condominium Association voting rights, the President shall promptly call a Special Meeting of Co-Owners. At least five days advance written notice of the specific time, place and purpose of such a Special Meeting shall be given by the Secretary to each Co-Owner. No business shall be transacted at a Special Meeting except as stated in the meeting notice.

2.6 Notices of Meetings. The Association Secretary, or other Association officer in the Secretary's absence, shall serve advance written notice of each Annual and Special Meeting of Co-Owners in conformity with the provisions of preceding Sections 2.4 and 2.5. Such notice shall be deemed to be given to a Co-Owner when it is mailed, postage prepaid, addressed to the Co-Owner (or the Co-Owner's designated Voting Representative) at the address specified in the statement required to be submitted by each Co-Owner to the Association as provided in following Section 2.10 of this Article II. Such advance written notice of an Annual or Special Meeting of Co-Owners shall not be required with respect to a Co-Owner, or his or her designated

Voting Representative, who furnishes the Association Secretary for filing in the Association records, a written waiver of notice.

2.7 Place of Meeting. Association meetings shall be held on the Condominium Premises or other convenient location not more than five miles from the Condominium Premises as determined by the Board of Directors.

2.8 Votes. Except as limited by other provisions of these By-Laws, each Co-Owner shall have one vote per Unit. As provided in Section 3.2 of Article III of the Master Deed, as amended, the vote for each Residential Condominium Unit and for each Commercial Condominium Unit shall have equal weight. However, as provided in Section 3.7, Co-Owners of Commercial Condominium Units, shall not be entitled to vote on matters which pertain only to Residential Condominium Units, and Co-Owners of Residential Condominium Units shall not be entitled to vote on matters which pertain only to Commercial Condominium Units.

2.9 Eligibility to Vote. At the First Annual Meeting and subsequent Annual and Special Meetings of Co-Owners, each Co-Owner or his or her Voting Representative, designated in accordance with provisions of following Section 2.10, shall be entitled to vote in person or by proxy, unless disqualified from voting pursuant to other provisions of these By-Laws. At the First Annual Meeting and subsequent Annual and Special Meetings of Co-Owners, the Developer shall be entitled to vote for each Residential Condominium Unit and each Commercial Condominium Unit which it owns at the time of the meeting.

2.10 Designation of Voting Representative. Each Co-Owner shall execute and submit to the Association Secretary, a written designation of himself or herself or another person as a Voting Representative who shall be entitled to cast that Co-Owner's vote or votes at meetings of Co-Owners and the address to which all notices and other communications from the Association shall be sent. The Association's Board of Directors may require that such designation of a Voting Representative be set forth on a printed form furnished by the Association and that each designation be dated and signed by every Co-Owner of a particular Condominium Unit. At any time, in accordance with the provisions of this Section 2.10, a Co-Owner may revoke or change such designation of Voting Representative or mailing address by submitting to the Association Secretary a new designation and/or notice of change of mailing address in the manner provided herein. The Developer shall be entitled to appoint the Voting Representative for each unsold Condominium Unit which is owned by the Developer.

2.11 Proxies. With respect to a particular Co-Owners' meeting, a Co-Owner's designated Voting Representative may appoint a proxy to vote in that Representative's behalf. Such appointment of a proxy shall be in written form, dated and signed by the Co-Owner's

designated Voting Representative, and tendered to the Association's Secretary prior to or at the Co-Owners' meeting specified in the proxy. The Association's Board of Directors may require that the appointment of a proxy be set forth on a printed form furnished by the Association. Such appointment of a proxy to vote in behalf of a Co-Owner's designated Voting Representative at a particular Co-Owners' meeting, shall be deemed to lapse upon final conclusion of the meeting or of any continued or adjourned session thereof

2.12 Quorum. Except as otherwise expressly provided in Condominium Documents, the presence in person or by proxy (or by pre-cast written vote as hereinafter provided) of Co-Owners' designated Voting Representatives having a majority of total Condominium Association votes weighted in accordance with Section 3.2 of Article III of the Master Deed, as amended, shall constitute a quorum for holding a meeting of Co-Owners. Notwithstanding the absence of a Co-Owner's Voting Representative or proxy at a meeting of Co-Owners, the written vote of such Co-Owner's designated Voting Representative or proxy tendered to the Association Secretary prior to or within ten days after a Co-Owners' meeting, shall be counted and shall be considered in determining the presence of a quorum with respect to the question upon which the written vote is cast.

2.13 Meeting Procedure. A meeting of Co-Owners shall be presided over by the most senior officer of the Association's Board of Directors present at the meeting, in the following order of priority: President, Vice-President, Secretary, Treasurer. Meetings shall be conducted in conformity with Roberts Rules of Order or other accepted parliamentary procedural form as determined in advance by the Board of Directors. Minutes of a meeting shall be prepared by the Association's Secretary or in absence of the Secretary by other person appointed by the presiding officer.

2.14 Majority Rule. Except as otherwise expressly provided in these By-Laws or in other Condominium Documents, elections and decisions at a Co-Owners' meeting shall be determined by a simple majority of Co-Owners' votes cast in person by the respective Co-Owners' Voting Representatives or by proxy or precast or subsequently cast written vote as provided in preceding Sections 2.10, 2.11 and 2.12 of this Article II.

### III. DIRECTORS

3.1 First Board of Directors. The Association's First Board of Directors shall be composed of persons appointed by the Developer who shall serve until removed or replaced by the Developer or until the election or appointment of non-developer Directors pursuant to provisions of following Section 3.2.

3.2 Election of Non-Developer Co-Owners as Directors. Non-developer co-owners shall be elected to serve as members of the Board of Directors at Annual Meetings or Special Meetings of Co-Owners convened in the manner specified in Article II in accordance with the following schedule:

<u>Time Period</u>	<u>Number of Board of Directors Positions Allocated to Non-Developer Co-Owners of Residential Condominium Units</u>
Within 120 days after 3 Residential Condominium Units have been sold to non-developer Co-Owners	2
Within 120 days after 6 Residential Condominium Units have been sold to non-developer Co-Owners	3
Within 120 days after 8 Residential Condominium Units have been sold to non-developer Co-Owners	4
Within 120 days after 10 Residential Condominium Units have been sold to non-developer Co-Owners	5

<u>Time Period</u>	<u>Number of Board of Directors Positions Allocated to Non-Developer Co-Owners of Commercial Condominium Units</u>
Within 120 days after 1 Commercial Condominium Unit has been sold to non-developer Co-Owner	1
Within 120 days after 3 Commercial Condominium Units have been sold to non-developer Co-Owners	2
Within 120 days after 5 Commercial Condominium Units have been sold to non-developer Co-Owners	3

Until 90% of total Residential and Commercial Condominium Units in the Condominium Development have been sold to non-developer Co-Owners, the Developer will be entitled to appoint persons to fill positions on the Board of Directors not allocated to non-developer Co-Owners in accordance with the foregoing schedule. Within 120 days after 90% of total Residential and Commercial Condominium Units in the Condominium Development have been sold to non-developer Co-Owners, all Directors shall be elected by Co-Owners or appointed by the Board of Directors to fill vacated positions as provided in Section 3.11. Except persons appointed as Directors by the Developer in accordance with the preceding provisions of this Section 3.2, each Director shall be a Co-Owner or part, joint, or entireties Co-Owner of a beneficial interest in either a Residential or Commercial Condominium Unit. The Board of Directors determination regarding any challenge or questions as to an individual's status as a Co-Owner, shall be conclusive. As provided in following Section 3.4, five members of the permanent Board of Directors shall be Co-Owners of Residential Condominium Units elected only by Residential Unit Co-Owners, and three members of the permanent Board of Directors shall be Co-Owners of Commercial Condominium Units selected only by Commercial Unit Co-Owners.

3.3 Advisory Committee. On the date 120 days after the first transfer of title to a Condominium Unit to a non-developer Co-Owner, if non-developer Co-Owners do not constitute a majority of members of the Board of Directors, the non-developer Co-Owners shall be entitled to appoint three persons who are non-developer Co-Owners as members of an Advisory Committee to meet with the Board of Directors for the purpose of facilitating communication and aiding transition of control of the Association from the Developer to non-developer Co-Owners. Election of non-developer Co-Owners as members of the Advisory Committee shall be by written ballots which the Developer shall mail to Co-Owners, or upon the request of one-third of non-developer Co-Owners, at a meeting of Co-Owners convened by Developer in the same manner as provided in preceding Sections 2.5 and 2.6 with respect to convening special meetings of Co-Owners. The Advisory Committee will cease to function when five or more non-developer Co-Owners of Residential and/or Commercial Condominium Units become members of the Board of Directors as provided in preceding Section 3.2.

3.4 Number of Directors. There shall be eight members of the permanent Board of Directors: five members of the Board shall be Co-Owners of Residential Condominium Units and shall be elected only by Residential Co-Owners, and three members of the Board shall be elected by Co-Owners of Commercial Condominium Units and shall be elected only by Commercial Unit Co-Owners.

3.5 Terms of Directors. The term of each Director shall be three years commencing on the date of the Co-Owners Association Annual Meeting at which the Director is elected to the Board as provided in preceding Section 2.4 of Article II, and continuing until election of a successor at the Co-Owners Association Annual Meeting during the third year of the Director's term, provided that, by random draw, terms of members of the first permanent Board of Directors, shall be staggered so that those initial Directors' terms will be three years, two years, or one year in approximately equal portions. Thereafter, the full term of each Director will be three years. As long as a Co-Owner continues to be qualified to serve as a Director, there shall be no limitation as to the number of consecutive or non-consecutive terms which that Co-Owner may serve as a member of the Board of Directors.

3.6 Meeting Procedure. A meeting of the Board of Directors shall be presided over by the most senior officer of the Board present at the meeting, in the following order of priority: President, Vice-President, Secretary, Treasurer. Board of Directors meetings shall be conducted in conformity with Roberts' Rules of Order or other parliamentary procedural form acceptable to a majority of the Directors. Minutes of each Board of Directors meeting shall be prepared by the Board's Secretary or in absence of the Secretary by another person appointed by the presiding officer.

3.7 Majority Rule. Except as otherwise provided in these By-Laws or other Condominium Documents, actions and decisions of the Board of Directors shall be determined by Directors present at a duly convened meeting of the Board, as follows:

Matters pertaining to the ownership or occupancy of Residential Condominium Units (including common Elements appurtenant to Residential Units), which do not affect ownership or occupancy of Commercial Condominium Units, shall be determined by a simple majority of Directors elected to the Board by Owners of Residential Units.

Matters pertaining to ownership or occupancy of Commercial Condominium Units which do not affect ownership or occupancy of Residential Condominium Units, shall be determined by a simple majority of Directors elected to the Board by Owners of Commercial Units.

Matters pertaining to ownership or occupancy of both Residential and Commercial Condominium Units, including election of officers as provided in following Article IV, shall be determined by a simple majority of all members of the Board of Directors.

3.8 Powers and Duties. The Board of Directors, as the governing board of the Condominium Association, shall have the following powers and duties:

(i) Elect Condominium Association officers as provided in following Article IV of these By-Laws.

(ii) Manage and administer the operation of the Condominium Association.

(iii) Administer and enforce the provisions of the Condominium Documents.

(iv) Levy and collect assessments from Co-Owners and administer the investment and expenditure of such funds for programs and purposes in behalf of the Condominium Association.

(v) Terminate or rescind any management or service contract between the Association and the Developer or any other person or party concluded prior to the time when non-developer Co-Owners hold a majority of the positions on the Board of Directors as provided in Section 3.2 of Article III, regardless of whether or not such a contract contains specific provisions for such termination or rescission.

(vi) Contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.

(vii) Carry liability and casualty insurance and fidelity bonds for the Condominium Association and collect and allocate proceeds from such insurance.

(viii) Provide for the repair and/or for rebuilding of Common Elements as required due to ordinary wear and tear or as a result of casualty damage or loss.

(ix) Grant permits, licenses and easements within the Condominium Premises for utilities, roads and other purposes deemed necessary or appropriate for the proper operation of the Condominium Project.

(x) Make rules and regulations consistent with the provisions of these By-Laws and other Condominium Documents, governing the use and possession of Condominium Units and Common Elements, as deemed appropriate for the benefit of Co-owners generally.

(xi) Establish committees and appoint members to such committees as deemed appropriate to assist the Board in performing its functions and to assure the proper administration of the Condominium Association, provided that, no authority or responsibility shall be delegated to a committee which by law or provisions of Condominium Documents must be exercised or fulfilled by the Board of Directors.

(xii) Borrow money and mortgage, pledge or encumber Condominium Association assets as security for repayment of such loan and execute promissory notes, mortgages, security agreements, financing statements, and other debt and security instruments, which shall be binding upon the Condominium Association, as deemed necessary or appropriate by the Directors to assure or facilitate the proper administration of the Condominium Association, provided that, following the conduct of the First Annual Meeting of Co-Owners as provided in preceding Section 2.3 of Article II of these By-Laws, any such loan transaction shall require advance approval of Co-Owners at a duly convened Annual or Special Meeting of Co-Owners.

3.9 Resignation. Prior to the end of his or her term, a Director may resign his or her position as Director by tendering written notice of resignation to the Association Secretary or, if the Secretary is unavailable, to any other Association officer.

3.10 Removal. Upon vote of Directors at a duly convened meeting of the Board of Directors, a Director may be removed from his or her position for any of the following reasons which shall be stated in the minutes of the Board of Directors meeting at which such removal action is taken: (i) the individual has ceased to be the Co-Owner of a beneficial interest in a Condominium Unit, (ii) the individual has materially failed to perform his or her function as Director in accordance with the provisions herein, (iii) due to physical or mental incapacity, the individual is unable to perform his or her functions as Director in accordance with the provisions herein. Also, a Director may be removed without cause stated, upon the vote of Co-Owners at a duly convened Annual or Special Meeting of Co-Owners, provided that, the Director whose removal has been proposed at such a meeting of Co-Owners, shall be given the opportunity to be heard at the meeting. A Director who is proposed to be removed shall be given the opportunity to be heard at such meeting of the Board.

3.11 Vacancies. The Developer may appoint persons to fill vacant positions on the Board of Directors with respect to Director positions which are allocated for appointment by the Developer during the construction and sale period of the Condominium Project as provided in preceding Section 3.1. Other vacant positions on the Board which occur due to an incumbent Director's death, disability, resignation or removal, shall be filled by appointment of remaining Board members, even though the number of those remaining Directors may constitute less than a quorum, subject to the following provisions:

Only Directors who are elected by Co-Owners of Residential Condominium Units, shall appoint a qualified Co-Owner of a Residential Unit to fill a vacant position on the Board allocated to a Co-Owner of a Residential Unit as provided in preceding Section 3.4 of Article III.

Only Directors who are elected by Co-Owners of Commercial Condominium Units, shall appoint a qualified Co-Owner of a Commercial Unit to fill a vacant position to the Board allocated to a Co-Owner of a Commercial Unit as provided in preceding Section 3.4 of Article III.

#### IV. OFFICERS

4.1 Election of Officers. The officers of the Condominium Association shall be elected annually by the Board of Directors at the first Board meeting following the election of Directors at each Annual Meeting of Co-Owners as provided in paragraph 2.4 of preceding Article II of these By-Laws, or at other times as may be required to fill vacancies in officer positions.

4.2 Officers. The officers of the Association shall be a President and Vice-President, both of whom shall be members of the Board of Directors, and a Secretary and a Treasurer, who need not be members of the Board of Directors. Additionally, the Board may appoint assistants to those officers and may create other temporary or permanent officer positions and elect persons to fill those positions as the Board deems to be appropriate to facilitate the conduct of Condominium Association business.

4.3 Officers' Duties. The President, Vice-President, Secretary and Treasurer of the Condominium Association shall be responsible for the administration of the Association's affairs in accordance with provisions of Section 54 of the Michigan Condominium Act. As administrators of the Condominium Development, those Association officers shall be responsible for keeping Association books and records with a detailed account of expenditures, receipts and operating expenses pertaining to the Condominium Association and management of the Shearer Block Condominium Development. As provided in Section 54(2) of the Condominium Act, the administrators shall be subject to assessment for tangible personal property tax as persons in possession of tangible personal property owned by the Condominium Association or owned in common by Co-Owners of Condominium Units. The duties of each officer are described below:

(i) President - The President shall be the chief executive officer of the Condominium Association, having the responsibilities and powers ordinarily conferred upon the chief executive officer of such type organization. The President shall preside at meetings of Co-Owners and of the Board of Directors.

(ii) Vice-President - The Vice-President shall perform the functions of the President in the event of the President's absence or inability to act and shall perform such other duties as may be conferred upon him or her by the Board of Directors.

(iii) Secretary - The Secretary shall be responsible for the maintenance and safekeeping of the Condominium Association's nonfinancial clerical records and correspondence and shall have charge of the corporate seal. The Secretary

shall keep minutes of meetings of Co-Owners and the Board of Directors and shall perform such additional functions as provided in other provisions of these By-Laws or as may be conferred upon him or her by the Board of Directors.

(iv) **Treasurer** - The Treasurer shall be responsible for the maintenance and safekeeping of the Condominium Association's financial records. He or she shall be responsible for the collection, receipt, disbursement and expenditure of Association monies, for the deposit and investment of such monies in institutions and securities approved by the Board of Directors, and for maintenance of complete and accurate books of account and financial statements of all Association assets and liabilities in accordance with generally accepted accounting principles. The Treasurer shall be responsible for the proper preparation and filing of Association tax returns and financial reports required by law.

(v) **Other officers** - Any other officer elected by the Board of Directors to a position created by the Board pursuant to the provisions of foregoing Section 4.2, shall have such powers and responsibilities as the Board confers upon that officer, consistent with the provisions of these By-Laws and other Condominium Documents.

4.4 **Removal of Officers.** Any officer may be removed with or without cause by the Board of Directors at a regular or special meeting, provided that, no such removal action may be taken unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at such meeting of the Board.

#### V. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Every Director and officer of the Condominium Association shall be indemnified by the Association against all expenses and liabilities, including legal expenses and attorney fees, reasonably incurred in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a Director or officer of the Association, except in cases in which the Director or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his or her duties. Indemnification payment to a Director or officer in accordance with these provisions, shall require Board of Directors approval, provided that, any Director who will receive such payment shall be required to abstain from participation in the Board's decision on the matter. The Secretary shall give Co-Owners at least ten (10) days advance written notice before any indemnification approved by

the Board of Directors is disbursed to or for the benefit of a Director or officer. The provisions herein for indemnification of a Director or officer shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. The Board of Directors is authorized to carry liability insurance covering acts of Directors and officers of the Condominium Association with terms and limits as the Board deems appropriate.

## VI. ADMINISTRATION AND OPERATION OF THE ASSOCIATION

6.1 Assessments. In accordance with the provisions of these By-Laws and other Condominium Documents and the Michigan Condominium Act, all expenses incurred in the administration and operation of the Condominium Association, shall be assessed by the Association against the Condominium Units and the Co-Owners thereof pursuant to the following provisions:

(a) Budget. In advance of each fiscal year of the Condominium Association, the Board of Directors shall prepare and approve an annual budget which projects expenses expected to be incurred in the forthcoming year for the proper administration and operation of the Association and for the upkeep and maintenance of the Condominium Premises, including a reasonable allowance for contingencies and an adequate contribution (not less than ten per cent of total expenses, including contingency allowance, projected in the budget) to an Association capital reserve fund for costs of future maintenance, repair, improvement and replacement of Common Elements. Upon completion and approval of an annual budget by the Board of Directors, copies shall be furnished to each Co-Owner.

(b) Determination and Apportionment of Assessments. Upon approval of an annual budget, the Board of Directors shall determine the total amount which the Association will need to receive to fund the budget during the forthcoming fiscal year. The Directors shall then apportion and levy that total amount among the Condominium Units in the manner specified in Section 3.2 of Article III of the Master Deed, as amended, or on the basis of other formulation as determined by the Board of Directors, subject to the following provisions:

Budgeted costs which solely benefit Residential Condominium Units, shall be included in assessments levied against Residential Units only.

Budgeted costs which solely benefit Commercial Condominium Units, shall be included in assessments levied against Commercial Condominium Units only.

Budgeted costs which benefit both Residential and Commercial Condominium Units, shall be included in assessments levied against both Residential and Commercial Condominium Units.

(c) Notification of Assessments Given to Co-Owners. Following the Board of Directors' determination of the total assessment amount and the allocation of that assessment amount among Condominium Units, the Secretary shall promptly furnish to Co-Owners' Voting Representatives, written notice of the total annual assessment amount and the portions thereof levied against each Condominium Unit. Such notice shall inform Co-Owners that the annual assessment levied against a Unit may be fully paid in advance or may be paid without interest in advance equal monthly or quarterly installments on or before the first day of each month or first day of each quarter during the Condominium Association's fiscal year

(d) Mid-year Adjustment of Assessments. In the event that in the course of the Association's fiscal year, the Board of Directors determines that the total assessment amount approved by the Board pursuant to the process specified in preceding Sub-Sections 6.1(a) and 6.1(b) is significantly more than or less than the amount of assessment income required to satisfy Association obligations and liabilities during the balance of the fiscal year, the Board may increase or decrease the amount of assessments required to be paid by Co-Owners for that fiscal year. Any such increase or decrease in assessment shall be apportioned among Condominium Units in the manner specified in preceding Sub-Sections 6.1(ii) and (iii). The Secretary shall promptly furnish written notice of such adjustment in assessment to each Co-Owner. In the event the Board pursuant to the provisions herein, decreases the assessment previously levied, the decreased portion of such assessment already paid to the Association by a Co-Owner, shall at the Co-Owner's option be refunded to the Co-Owner or credited toward satisfaction of future assessments levied against that Co-Owner's Condominium Unit.

(e) Special Assessments. In addition to assessments levied by the Board of Directors pursuant to preceding provisions of this Section 6.1, the Board from time to time may levy special assessments for the purpose of obtaining funds to pay for obligations or needs which the Board deems necessary or desirable for the benefit of Co-Owners, including, but not limited to, the following: repair, replacement or improvement of Common Elements; additions to Common Elements; purchase of a Condominium Unit; retention of legal counsel and payment of costs incurred in legal proceedings; or other matters involving the Association. Allocation of a special assessment among Condominium Units will be subject to provisions of preceding Section 6.1(b) with respect to allocation of regular annual assessments against Residential and Commercial Condominium Units. A special assessment to pay for costs of a project or capital

improvement which the Board of Directors reasonably determines will comparably benefit all Residential and all Commercial Condominium Units, shall be apportioned and levied equally among all Residential and Commercial Condominium Units as provided in Section 3.2 of Article III of the Master Deed. A special assessment to pay for costs of a project or capital improvement which the Board of Directors reasonably determines will benefit Condominium Units disproportionately or will benefit less than all Condominium Units, may be allocated and levied against particular Condominium Units in proportion to the benefit which the Board determines will inure to each such Unit as a result of the capital improvement project or Association program. Special assessments shall be levied and apportioned by the Board in compliance with preceding provisions of this Section 6.1 of these By-Laws and other provisions of Condominium Documents. The Board of Directors may permit a special assessment to be paid by Co-Owners in advance equal monthly or quarterly installments without interest for a specified number of months. The Secretary shall give all Co-Owners written notice of such a special assessment at least thirty days prior to the date the assessment, or the first installment thereof, is due and payable. The notice shall state the purpose of the special assessment, the total amount of the assessment, and the amount or proportion of the assessment which is allocated to each Condominium Unit.

(f) Compensatory Charges or Assessments. In addition to general and special assessments pursuant to the preceding provisions of this Section 6.1 the Board of Directors shall have the authority to levy a one-time or periodic charge or assessment against a particular Residential or Commercial Condominium Unit to compensate the Association for expense which it incurs to repair damage or to clean up debris or unsightly conditions in the Condominium Premises caused by the acts, negligence or carelessness of the Co-Owner of the Condominium Unit or by guests, family members, licensees or invitees of the Co-Owner. Such charge or assessment may be imposed by the Board to compensate the Association for costs incurred due to a Co-owner's one-time or repeated disposition of trash and use of the Association's trash receptacle or dumpster significantly in excess of use levels by other Condominium Unit Co-Owners.

(g) Power to Levy Assessments Limited to Board of Directors. The power to levy assessments pursuant to the provisions herein shall be exercised only by the Board of Directors for the benefit of the Association and its Co-Owners and shall not be exercisable by any creditors of the Association or creditors of any Co-Owners.

(h) Interest and Late Payment Charge for Co-Owner's Default in Paying Assessment. A Co-Owner will be in default if a regular or special assessment or any part thereof is not paid to the Association by the due date specified by the Board of Directors. Each assessment payment in default for ten or more days shall bear interest from the initial due date thereof until it has been paid, at a per annum rate not to exceed seven (7%) per cent per annum as determined from time to time by the Board. In addition to the assessment of interest for such default in payment of an assessment, the Board may enact a late payment charge not to exceed ten (10%) per cent per month of the amount of any assessment payment which has not been paid within ten days following the due date thereof.

(i) Enforcement and Collection of Assessments. Each Co-Owner, whether one or more persons or entities, shall be individually, jointly and severally liable for payment of all assessments (plus interest and late payment charges thereon and costs of collection) which become due and payable at the time such Co-Owner possesses a beneficial or ownership interest in the Unit or is vendee under an executory land contract for purchase of the Unit, provided that, upon initiation of forfeiture or foreclosure proceedings by the vendor under a land contract for sale of a Unit, the vendor shall become jointly and severally personally liable with the vendee for all arrearage in assessments levied against that Unit (plus interest and late payment charges thereon and costs of collection) together with assessments which subsequently become due and payable with respect to that Unit until the amount of arrearage is fully paid and the status and identity of the Co-Owner who will thereafter be personally liable for assessments levied against the Unit, have been ascertained. The Association upon the determination of the Board of Directors, may enforce collection of delinquent installments (plus interest and late payment charges thereon and costs of collection) by a suit for money judgment or by foreclosure of the statutory lien which secures payment of Association assessments. All Co-Owners, mortgagees of Condominium Units, and every other person or party who possesses an interest in a Condominium Unit, shall be deemed to have granted the Association the unqualified right to commence legal proceedings as herein provided to enforce and collect past due assessments (plus interest and late payment charges thereon and costs of collection) by suit for money judgment or by foreclosure (by judicial action or by advertisement) of the lien securing payment of assessments. 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 purpose of establishing the alternative procedures to be followed in such lien foreclosure actions and the rights and obligations of the parties to those actions. Further, each Co-Owner and every other person or party who possesses an interest in a

Condominium Unit, shall be deemed to have authorized and empowered the Association to bid upon and to purchase a Unit at foreclosure sale or to receive, hold and distribute proceeds of such sale in accordance with the priorities established by law. Expenses incurred by the Association in collecting unpaid assessments (plus interest and late payment charges thereon and costs of collection), including 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 Co-Owner in default and shall be secured by a lien on his or her Unit until payment of the full amount owed to the Association for such assessments, interest, charges and costs.

(j) Developer's Liability for Payment of Assessments on Occupied Units Owned by Developer. The Developer of the Condominium Project shall be liable for payment of assessments on each occupied Unit which it owns.

6.2 Property Taxes and Special Assessments. All real property taxes and special assessments imposed by any public taxing authority upon Condominium Association real estate, including individual Condominium Units, shall be allocated among Co-Owners in accordance with the provisions of Section 131 of the Michigan Condominium Act. Personal property tax assessed against tangible personal property of the Condominium Association shall be paid and accounted for as administration expenses of the Condominium Association.

6.3 Construction Liens. Mechanics' or construction liens shall apply to Condominium Association real estate, including individual Condominium Units, in accordance with provisions of Section 132 of the Michigan Condominium Act.

6.4 Insurance. The Association shall carry all-risk property coverage and liability insurance, directors' and officers' coverage, workers' compensation insurance (if applicable), and such other insurance coverage as the Board determines to be appropriate with respect to the ownership, use and maintenance of General and Limited Common Elements and administration of the Shearer Block Condominium Development. Such insurance shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Condominium Association for the benefit of the Association, Condominium Co-Owners and their mortgagees, as their interests may appear. Provision shall be made for the issuance of certificates of insurance with mortgagee endorsements furnished to the mortgagees of Co-Owners' Condominium Units. Each Co-Owner shall be responsible for obtaining insurance coverage for his personal property located within his Unit (or elsewhere within the Condominium Premises) and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit, and also for alternative living expenses; the Association shall have no responsibility for obtaining

such coverage. The Association and all Co-Owners shall use their best efforts to assure that casualty and liability insurance policies carried by the Association and by individual Co-Owners contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-Owner or against the Association. Except as otherwise provided in these By-Laws, the Association and each Co-Owner hereby waive, each as to the other, any right of recovery for losses covered by such insurance. The liability of carriers issuing insurance obtained by the Association shall not, unless otherwise required by law, be affected or diminished on account of any additional insurance carried by a Co-Owner, and vice versa.

(b) All Common Elements of the Condominium Development shall be insured against fire and other perils covered by a standard all-risk coverage endorsement in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Association's Board of Directors. Such coverage shall include interior walls within Condominium Units together with pipes, wires, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Condominium Unit which were furnished with the Unit by the Developer (or replacements thereof as do not exceed the cost of such original items). Any improvements which a Co-Owner makes within his Unit shall be covered by insurance obtained by him at his expense; provided that, if the Association elects to include any such improvements under its insurance coverage, additional premium cost thereby incurred by the Association, shall be assessed to and borne solely by that Co-Owner and collected as a part of the assessments levied against the Co-Owner under Section 6.1(e) of Article VI of these By-Laws.

(c) Public liability insurance shall be carried by the Association with limits which the Board from time to time determines to be appropriate, and shall cover the Association, each Condominium Unit Co-Owner, Condominium Association, directors and officers, and any Condominium Association managing agent.

(d) All premiums for insurance policies purchased by the Condominium Association pursuant to these By-Laws shall be expenses of administration, except as otherwise provided in preceding Section 6.4(b).

(e) Proceeds pursuant to insurance policies owned by the Association shall be received by the Association, held in a separate account, and distributed to the Association or to Co-Owners and their mortgagees as their interests may appear. Whenever Section 6.5 of this Article VI requires that the Association repair or reconstruct Condominium Development components, insurance proceeds received by the Association as a result of any loss requiring repair or reconstruction, shall be applied toward payment of costs of such repair or

reconstruction. Hazard insurance proceeds shall not be used for any purpose other than repair, replacement or reconstruction of the damaged Condominium Development component unless all of the holders of mortgages on Condominium Units have given their prior written approval.

(f) All insurance carried by the Association shall, to the extent possible, provide for cross-coverage of claims by one insured against another.

(g) Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Association funds, the amount of such bonds shall be determined by the Board in its sole discretion, and the premium for such bonds shall be a general expense of the Association.

(h) Each Co-Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning insurance pertinent to Shearer Block Condominium, without limitation on the generality of the foregoing, the Association as said attorney-in-fact shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect insurance policy proceeds and to distribute the same to the Association and to Co-Owners and their respective mortgagees as their interests may appear (subject always to provisions of Condominium Documents), to execute releases of liability, and other pertinent documents, and to undertake other transactions in behalf of Co-Owners and the Condominium Association as may be necessary or appropriate to accomplish the foregoing.

6.5 Repair of Premises Damage. The Condominium Association and individual Co-Owners of Condominium Units shall have responsibilities for repair or replacement of any part of the Condominium Premises or of a Condominium Unit in accordance with the following provisions:

(a) Responsibility of Association. The Association is obligated to effect prompt repair or replacement of any part of Common Elements of the Condominium Project which has sustained casualty damage or destruction. In fulfillment of its obligation in this regard, the Association shall be responsible for repair or replacement of such damaged or destroyed property to restore it to a condition as close as practicable to that which existed prior to the casualty. If insurance proceeds received by the Association are insufficient to pay for the full costs of such repair or replacement of damaged or destroyed property, other Association funds, including funds obtained by special assessment against Condominium Co-Owners for that purpose, shall be expended to pay those costs. Notwithstanding the foregoing provisions of this Sub-Section 6.5(a), the Association may forego repair or replacement of a damaged or destroyed portion of the Condominium Premises or may restore such damaged or destroyed property in a

manner different than existed prior to such damage or destruction, provided that, such non-repair, non-replacement or modification must be approved by the Board of Directors and by express written consent of Co-Owners having a majority of votes as provided in Section 3.2 of Article III of the Master Deed, as amended, including the express written consent of each Co-Owner whose Condominium Unit or any Limited or Common Element appurtenant thereto, will be physically affected by the proposed inaction or modification.

(b) Responsibility of Co-Owners. A Co-Owner shall be responsible, and the Association shall not be responsible, for prompt repair or replacement of casualty damage or destruction of any part of that Co-Owner's Condominium Unit for which the Association does not have general maintenance and repair responsibility. Pursuant to the provisions of this Sub-Section 6.5(b), a Co-Owner shall be deemed responsible for repair or replacement of damage or destruction within the interior of his or her Unit, including, but not limited to, floor coverings, wall coverings, draperies, window shades, interior walls (but not Common Elements therein), interior trim, interior doors, cabinetry, light fixtures, appliances and furniture, whether or not attached to the structure of the Unit. Such repair or replacement by a Co-Owner, shall conform to provisions of Condominium Documents and shall comply with applicable laws and ordinances.

6.6 Distribution of Annual Financial Statements to Co-Owners. No later than the date of each Annual Meeting of Co-Owners as specified in Section 2.4 of Article II of these By-Laws, the Secretary of the Association (or other officer designated by the Board of Directors) shall deliver or mail to each Co-Owner, a financial statement for the preceding calendar year, or other fiscal year, of the Association. As provided in Section 54(5) of the Michigan Condominium Act, such annual financial statement shall set forth pertinent financial information pertaining to the Association, including information specifically requested by Co-Owners.

## VII. RESTRICTIONS

7.1 Restrictions on Use of Condominium Premises. The following rules and restrictions shall govern the use and occupancy of the Condominium Premises, Common Elements and individual Condominium Units, by Co-Owners and all other persons and parties within the Condominium Project:

- (i) Residential use - No Residential Condominium Unit shall be used and occupied for other than single family residence purposes. Common Elements shall be used only for purposes consistent with a single family residential development. Each Co-Owner shall be responsible for maintaining his or her

Condominium Unit and Limited Common Elements appurtenant thereto in safe and sanitary condition. Each Co-Owner shall be responsible for assuring the proper, safe and careful use and possession of General Common Elements by himself or herself, members of his or her family, guests and invitees. Expense incurred by the Association for repairing damage to Common Elements caused by the acts or negligence of a Co-Owner or the Co-Owner's licensees or invitees, may be assessed against the Co-Owner by the Board of Directors and collected by the Association in the same manner as provided in preceding Article VI of these By-Laws with respect to assessments generally.

(ii) Prohibited activities - No unlawful, improper, immoral, hazardous or disruptive conduct or activities shall be permitted within the Condominium Premises, including Condominium Units and General and Limited Common Elements. No unreasonably noisy activities shall be permitted within the Condominium Premises. Potentially dangerous activities, such as use of firearms (including air rifles, pellet guns and B-B guns), bows and arrows, or similar weapons, projectiles or devices, are prohibited within the Condominium Premises. Use of the Condominium Premises, including any Condominium Unit or Common Elements, in any manner which may cause the Condominium Association's casualty insurance premiums to increase, shall be prohibited. The Board of Directors shall be responsible for enforcing the provisions herein and for resolving disputes among Co-Owners regarding allegations of prohibited activities within the Condominium Premises.

(iii) Pets - A Co-Owner of a Residential Condominium Unit shall be entitled to keep no more than two (2) pets within the Condominium Premises, provided that no pet is dangerous or creates a nuisance, and further provided that, when outside the confines of a Condominium Unit, such pet shall be leashed and attended by a responsible person. The term "Pet" shall include cats, but no dogs, except service dogs, shall be allowed within the Condominium Premises. Each Co-Owner who brings a pet within the Condominium Premises shall be responsible for the clean-up, collection and proper disposition of wastes deposited by that pet. No vicious, rabid or diseased animal, or any animal which creates an unsanitary condition, emits an unpleasant odor, or which frequently causes noise or disruption, shall be permitted within the Condominium Premises. Animals shall not be permitted to be bred for commercial purposes within the

Condominium Premises. The Board of Directors may enact regulations requiring pets to be registered with the Association and may levy an assessment upon Co-Owners who keep pets within the Condominium premises to defray extra costs incurred by the Association due to the presence of pets within the Condominium Premises. The Board of Directors may also enact regulations which empower it to levy assessments against Co-Owners who maintain pets within the Condominium Premises in violation of these By-Laws or Association rules and regulations. Such assessments and fines shall be collectible and enforceable by the Association in the same manner as provided in preceding Section 6.1 of Article VI of these By-Laws with respect to assessments generally. If the Board determines that such a pet or animal is being kept or is present within the Premises in violation of these By-Laws or Association rules and regulations, it may direct the removal of that pet or animal from the Condominium Premises without reimbursement to its owner.

(iv) Vehicle parking – A designated vehicle parking space inside the garage depicted on the Site Plan set forth on Sheet 3 of Exhibit B, may be granted as a limited common element appurtenant to a Residential Condominium Unit. No unsightly or inoperable motor vehicle, mobile home, house trailer, recreational vehicle, all-terrain vehicle, camping trailer, boat trailer, boat, motorcycle, snowmobile trailer, snowmobile, or truck (other than a small van or pick-up truck), shall be parked in the garage or anywhere else on the Condominium Premises. The provisions herein shall not prevent parking of commercial vehicles within the Condominium Premises for short periods for ordinary pick-up, delivery and service calls. Only vehicles owned by Co-Owners or their visitors shall park in such vehicle parking spaces. Without the approval of the Board of Directors, which approval shall not be unreasonably withheld, Co-Owners' or their guest's vehicles shall be parked within the Condominium Premises only in the garage or parking spaces assigned to that Co-Owner. In the event that such approval is granted by the Board of Directors, Co-Owners shall provide the Board of Directors with the name, vehicle description, and license plate number of the individual(s) who will be occupying such Co-Owner's vehicle parking space. Vehicle parking spaces may not be leased to anyone other than a Co-Owner or a lessee of a Condominium Unit. (Note: This provision shall not apply to any vehicle spaces leased at the time of adoption of these Second Amended By-Laws;

however, unless provided for in an existing lease, no such lease shall be renewed for an additional term.) Each Co-Owner shall be responsible for assuring that his or her visitors do not park their vehicles in a garage or parking space assigned to another Co-Owner. Customers or clients of any business conducted in a Commercial Unit may not park in the Parking Lot, which is reserved for the sole use by Co-Owners of the Units and their social guests. The Board of Directors may enact regulations which empower it to levy punitive assessments against Co-Owners who cause any vehicle or trailer to be parked within the Condominium Premises in violation of these By-Laws or Association rules and regulations, and any such assessment or fine shall be collectible and enforceable by the Association in the same manner as provided in preceding Section 6.1 of Article VI of these By-Laws with respect to assessments generally. If a Co-Owner fails after reasonable written notice to remove an improperly parked vehicle or trailer for which he or she has responsibility, the Board of Directors may cause such vehicle or trailer to be removed from the Condominium Premises to another location and may levy a punitive assessment against the Co-Owner for removal and storage costs thereby incurred.

(v) Advertising signs - No "for sale" sign or other sign or advertising device visible from the exterior of a Condominium Unit, shall be displayed within the Condominium Premises except upon written authorization of the Board of Directors. Notwithstanding the foregoing provisions of this Sub-Section 7.1(v), during the construction and sales period for the Condominium Project, the Developer shall be entitled to maintain on the Condominium Premises advertising signs for the promotion of sales of Condominium Units and to operate construction, business and sales offices and model units, provided that, at the end of such construction and sales activity, the Developer shall restore those areas of the Premises to their proper condition for a permitted use in accordance with the provisions of these By-Laws and other Condominium Documents.

(vi) Use of Common Elements - The following uses of Limited and General Common Elements shall be prohibited:

Storage of supplies and personal property, except as provided in Association rules and regulations;

Disposal of trash or refuse, except by means of the interior trash chute in the Condominium Building on the Premises or as otherwise designated by the Board of Directors.

Drying or airing of clothing or other articles;

Any unsightly conditions.

(vii) Exterior Antennas and Satellite Dishes Prohibited - Co-Owners shall not be permitted to install any antenna, aerial or satellite dish which is visible from outside the Condominium Building or from common areas inside the Condominium Building.

(viii) Building alterations - No alterations in the exterior appearance of a Condominium Unit or structural modifications to the Unit (including interior walls through or in which there exist utility easements and structural support components) or changes in Common Elements, shall be permitted except upon written authorization of the Board of Directors.

7.2 Lease of a Condominium Unit. A Co-Owner of a Residential Condominium Unit shall be entitled to lease his or her Unit to another person or party, in accordance with the following conditions:

Lease shall be for the Condominium Co-Owner's entire Condominium Unit;

Lease shall be for a time period not less than one year;

Terms of the lease shall be in the form of a written lease contract which obligates the tenant to abide by all provisions of these By-Laws and other Condominium Documents and Association rules and regulations governing the occupation and use of the Condominium Unit and General and Limited Common Elements.

A Co-Owner who desires to lease his or her Condominium Unit in accordance with the provisions herein, shall be required to submit to the Secretary or any other officer of the Association, a copy of the proposed written lease agreement, and pertinent information regarding the proposed lease and lessee(s), including name or names, ages and current addresses of each person who will reside in the Unit under such lease, and a credit report or other financial information pertaining to such proposed lessee(s) as may be reasonably requested by the Board of Directors. The Board of Directors at its next regular meeting shall either approve or disapprove the proposed lease and within five days thereafter the Secretary shall mail written notice of the

Board's decision to the Co-Owner. No tenant shall be permitted to occupy a Condominium Unit until issuance of such written notice of the Board's approval of the proposed lease. The Co-Owner of a leased Condominium Unit shall continue to be obligated and liable for compliance with all rules and restrictions governing the use of the Unit and Common Elements appurtenant thereto and for payment of all regular, special and punitive assessments and charges pertaining to the Unit. If the tenant of a Unit fails to comply with Association rules and regulations governing the Unit and appurtenant Common Elements, the Board of Director's may direct the Secretary or other Association officer to give written notice to the Unit's Co-Owner warning that unless the tenant's non-conforming conduct ceases, the Association may initiate summary proceedings or other judicial action to terminate the lease, to effect eviction of the tenant, and to obtain a judgment for damages and costs of suit. In the event that such judicial proceedings are undertaken by the Association, whether or not a judgment is obtained, the Board of Directors may levy an assessment against the Co-Owner or Co-Owners involved for costs, including attorney fees, incurred by the Association with respect to those proceedings and to compensate the Association for costs of repair of damage to Common Elements or extra maintenance expense incurred by the Association as a result of the tenant's breach of Association rules and regulations, and any such assessment shall be collectible and enforceable by the Association in the same manner as provided in preceding Article VI of these By-Laws with respect to assessments generally. Any Co-Owner who leases his or her Condominium Unit shall be deemed irrevocably to have appointed the Association as his or her attorney in fact for the purpose of administering the provisions of this Section 7.2 of these By-Laws, including the initiation of judicial proceedings in behalf of the Co-Owner as herein provided.

7.3 Rules and Regulations. The Board of Directors may from time to time enact rules and regulations which will govern the operation of the Association and restrict conduct and activities of Co-Owners and other persons within the Condominium Premises, provided that, any such rules and regulations shall be consistent with the provisions of these By-Laws and other Condominium Documents. Copies of such rules, regulations and amendments thereto shall be furnished to all Co-Owners.

#### VIII. MISCELLANEOUS PROVISIONS

8.1 Mortgagees' Interest. Each person or party who possesses a mortgagee's lien in a Condominium Unit shall be obligated to give the Association's Secretary written notice as follows: (i) the mortgagee's name, address and telephone number; (ii) description of Condominium Unit which is subject to the mortgagee's lien; (iii) liber and page recording

references to the instrument which evidences the mortgagee's lien recorded in the Office of the Bay County Register of Deeds. Notwithstanding any other provision of the Master Deed, these By-Laws, and other Condominium Documents, the Association shall have no obligation to give any notice or provide any information to a person or party who claims to possess a mortgagee's lien in a Condominium Unit, unless written notice of the lien has been given to the Association's Secretary in accordance with the preceding provision of this Section 8.1. No provisions of these By-Laws or of other Condominium Documents shall be deemed to give a Condominium Co-Owner, or any other party, rights prior or superior to those of a mortgagee in that Co-Owner's Condominium Unit with respect to distribution of casualty and liability insurance proceeds or condemnation awards. Upon written request of a Co-Owner or mortgagee, the Association will provide the mortgagee with information regarding the Unit to which its mortgagee's interest pertains, including the following: notices of Annual and Special Meetings of Co-Owners; a report as to the status of regular and special assessment payments for the Unit; information concerning casualty and liability insurance maintained by the Association on Condominium Units and Common Elements; lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; information regarding condemnation or casualty loss that affects either a material portion of the Condominium Project or of the Unit which is subject to such mortgage; any proposed action that requires the consent of mortgagees.

8.2 Association's Right of Access to Condominium Units. The Association, including its authorized agents, shall have the right of access to each Condominium Unit and Limited Elements appurtenant thereto during regular working hours upon reasonable advance notice to the Unit's Co-Owners, for the purpose of maintaining, repairing or installing components of the Common Elements within the Unit. In the event of emergency or necessity for immediate safeguard or repair of Common Elements within a Unit to prevent the risk of property damage or personal injury, the Association shall have the right of access to a Condominium Unit or Limited Common Elements appurtenant thereto without prior notice to the Co-Owner. To enable the Association to fulfill its responsibilities under the provisions of this Section 8.2, authorized representatives of the Association shall have access to each Condominium Unit by use of a secure grand master key which operates outside door locks on all Units; therefore, no outside door lock on a Condominium Unit may be changed by a Co-Owner except the Association upon approval by the Board of Directors.

8.3 Condemnation. If all or any part of the Condominium Project, including any Condominium Unit or Common Elements therein, shall be condemned and taken by a governmental or other authority exercising powers of eminent domain, rights of Co-Owners shall

be governed by provisions of Section 133 of the Michigan Condominium Act. In the event that such condemnation proceeding is initiated in regard to any portion of the Condominium Project, the Board of Directors through its Secretary or other designated agent, shall give written notice of such action to all Co-Owners and mortgagees known by the Association to have mortgage liens in particular Condominium Units. Any condemnation award received by the Association shall be held and administered by the Board of Directors in accordance with provisions of Section 133 of the Act or as directed by judicial order. Each Co-Owner is deemed irrevocably to have appointed the Association as his or her attorney in fact to negotiate, decide upon and settle all claims, suits and actions regarding condemnation or the threat of condemnation of any part of the Condominium Project, including any Condominium Unit or Common Elements therein.

8.4 Standing to Enforce By-Law Provisions. Any person or party who possesses a significant interest in the Condominium Project, including the Developer (until final completion of all phases of the Project as provided in the Master Deed, and sale or conveyance of all of the Developer's interest in Condominium Units to individual purchasers and transferees), the Association, Co-Owners, and mortgagees who possess valid mortgage liens in particular Condominium Units or in Common Elements, shall have standing to enforce the provisions of these By-Laws and of other Condominium Documents to the extent that those provisions may reasonably be construed to affect that person's or party's interest in the Project. Judicial action to enforce the provisions of these By-Laws or of other Condominium Documents may include suit for damages, injunctive relief, foreclosure of lien for default in payment of assessments levied against a Condominium Unit, or any combination thereof. In any such judicial proceeding undertaken by the Association against a Co-Owner to enforce the provisions of these By-Laws or other Condominium Documents, the Association, if successful shall be entitled to recover from the Co-Owner actual legal costs and attorney fees, not limited to statutory fees, which it reasonably incurs with respect to such proceedings, but in no event shall any Co-Owner be entitled to recover such attorneys' fees against the Association. Notwithstanding the foregoing provisions of this Section 8.4, when reasonably necessary to abate a condition which violates the provisions of these By-Laws or other Condominium Documents, authorized agents of the Association at the direction of the Board of Directors shall be entitled to enter any portion of the Condominium Premises, including any Condominium Unit or Limited Common Element appurtenant thereto, to remove the volatile condition. Neither the Association nor its officers or agents acting in its behalf, shall have any liability to a Co-Owner, or other person or party, as a consequence of the exercise of the Association's power of abatement and removal as provided herein. The failure of the Association or of any Co-Owner to enforce the provisions of these

By-Laws and of other Condominium Documents or to exercise powers conferred by the provisions of the Condominium Documents, shall not constitute a waiver of their rights to undertake enforcement action or to exercise those powers in the future.

8.5 Arbitration. Disputes between the Association and Co-Owners regarding the interpretation, application or enforcement of the provisions of these By-Laws or of other Condominium Documents, upon the written consent of the Association and Co-Owners involved, may be submitted to final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as amended, and the resulting arbitration award shall be enforceable by Michigan Circuit Court judgment.

8.6 Amendment. Amendments to these By-Laws may be proposed by the Board of Directors or by written petition endorsed by Co-Owners, or their designated Voting Representatives, representing at least one-third of the total voting value of all Condominium Units as specified in Section 3.2 of Article III of the Master Deed. The Secretary shall include a copy of such a proposed amendment with the notice of the annual or special meeting of Co-Owners at which the amendment will be considered. Any such proposed amendment will become effective upon its being approved by affirmative vote of Co-Owners having at least two-thirds of total Co-Owners' votes, weighted in accordance with Section 3.2 of Article III of the Master Deed. No consent of mortgagees shall be required to amend these By-Laws unless required by MCL Section 559.190a (9) or other provisions of the Michigan Condominium Act, in which case written approval of the amendment shall be required by mortgagees representing at least two-thirds of the Condominium Units to which such mortgagees' interests pertain, such votes of mortgagees to be weighted as regards the various Condominium Units to which their respective interests as specified in Section 3.2 of Article III of the Master Deed. Notwithstanding the foregoing provisions of this Section 8.6, until the First Annual Meeting of Co-Owners convened pursuant to provisions of Section 2.3 of Article II herein, these By-Laws may be amended by the Developer without approval by any other persons or parties, provided that, such amendment by the Developer shall not materially prejudice or alter the rights of Co-Owners or mortgagees who possess interests in the Condominium Premises at that time.

8.7 Severability. If any term or provision of these By-Laws or of other Condominium Documents is deemed to be partially or wholly invalid or unenforceable for any reason, such holding shall not affect, alter or impair the application or enforcement of all of the other terms and provisions thereof.

CERTIFICATION

The undersigned Secretary of Shearer Block Condominium and Shearer Block Condominium Owners' Association, a Michigan non-profit corporation, hereby certifies that these By-Laws were adopted as and for the Second Amended By-Laws of the corporation, at a meeting of the corporation's Directors held on September 2, 2015.

*Alana Rabedioux*

Alana Rabedioux, Secretary  
Shearer Block Condominium and Shearer Block  
Condominium Owners' Association

STATE OF MICHIGAN            )  
  ) ss.  
COUNTY OF BAY                )

The foregoing instrument was acknowledged before me on *June 13, 2017*, by Alana Rabedioux, Secretary of Shearer Block Condominium and Shearer Block Condominium Owners' Association

*Walter P. Fitzhugh*

Walter P. Fitzhugh, Notary Public  
Bay County, Michigan  
Acting in Bay County, Michigan  
My Commission expires: 3/3/2024

This instrument drafted by and  
when recorded return to:  
Walter P. Fitzhugh (P23454)  
BIRCHLER, FITZHUGH,  
PURTELL & BRISSETTE, PLC  
900 Center Avenue  
Bay City, Michigan 48708  
Telephone: (989) 892-0591