

**EXHIBIT A**

**BYLAWS**

**THE GARDENS OF RIVERSIDE**

## TABLE OF CONTENTS

**i**

Section 4.4	Waiver of Right of Subrogation.....	14
Section 4.5	Indemnification. ....	14
Section 4.6	Determination of Primary Carrier. ....	14
ARTICLE 5 RECONSTRUCTION OR REPAIR.....		15
Section 5.1	Determination to Reconstruct or Repair. ....	15
Section 5.2	Repair in Accordance with Master Deed. ....	15
Section 5.3	Co-Owner Responsibility for Repair. ....	15
Section 5.4	Association Responsibility for Repair. ....	15
Section 5.5	Timely Reconstruction and Repair. ....	16
Section 5.6	Eminent Domain. ....	16
Section 5.7	Notification of FHLMC. ....	17
Section 5.8	Priority of Mortgagee Interests. ....	17
ARTICLE 6 RESTRICTIONS/ARCHITECTURAL CONTROL.....		17
Section 6.1	Land And Building Use Restrictions. ....	17
Section 6.2	Dwelling Quality And Size. ....	17
Section 6.3	Building Location. ....	18
Section 6.4	Unit Size.....	18
Section 6.5	Driveways. ....	18
Section 6.6	Natural Drainage Ways.....	18
Section 6.7	Building Materials. ....	18
Section 6.8	Home Occupations and Nuisances.....	18
Section 6.9	Plant Diseases Or Noxious Insects. ....	19
Section 6.10	Damaged Dwellings And Reconstruction.....	19
Section 6.11	Soil Removal.....	19
Section 6.12	Underground Wiring.....	19

Section 6.13	Maintenance Of Side Strips. ....	19
Section 6.14	Tree Removal. ....	20
Section 6.15	Performance Of Construction. ....	20
Section 6.16	Vehicular Parking and Storage. ....	20
Section 6.17	Garbage and Refuse. ....	20
Section 6.18	Street Trees; Landscaping and Grass Cutting. ....	20
Section 6.19	Swimming Pools, Tennis Courts And Other Structures. ....	21
Section 6.20	Lawn Fertilization. ....	21
Section 6.21	Signs. ....	21
Section 6.22	Objectionable Sights. ....	21
Section 6.23	Maintenance. ....	21
Section 6.24	Real Estate Sales Office. ....	21
Section 6.25	Wetlands and Flood Plains. ....	22
Section 6.26	Leasing and Rental. ....	22
Section 6.27	Architectural Controls. ....	23
Section 6.28	Submission Of Plans And Plan Approval. ....	23
Section 6.29	Architectural Control Committee. ....	24
Section 6.30	Changes in Common Elements. ....	25
Section 6.31	Rules and Regulations. ....	25
Section 6.32	Right of Access of Association and Villas Association. ....	25
Section 6.33	General Common Element and Easement Maintenance. ....	25
Section 6.34	Co-Owner Maintenance. ....	25
Section 6.35	Reserved Rights of Developer. ....	26
Section 6.36	Unsightly Conditions. ....	26
Section 6.37	Temporary Structures. ....	27

Section 6.38	Animals or Pets.....	27
Section 6.39	Refuse and Stored Materials.....	27
Section 6.40	Mail Boxes.....	27
Section 6.41	Solar Panels.....	27
Section 6.42	Television Antenna and Similar Devises.....	27
Section 6.43	Decks, Air Conditioning Units.....	28
Section 6.44	Fences, Walls and Dog Runs.....	28
Section 6.45	Statues, Sculptures, Objects of Art and Other Similar Objects.....	28
Section 6.46	Public Utilities.....	28
Section 6.47	Vehicles, Motorcycles and Snowmobiles.....	28
Section 6.48	Basketball Hoops and Play Areas.....	29
Section 6.49	Swings, Slides, Playscapes And Other Playground Equipment.....	29
Section 6.50	Firearms.....	29
Section 6.51	Restrictions in Declaration.....	29
Section 6.52	Common Areas of the Master Development.....	29
ARTICLE 7 MORTGAGES.....		30
Section 7.1	Notice to Association.....	30
Section 7.2	Insurance.....	30
Section 7.3	Notification of Meetings.....	30
ARTICLE 8 VOTING.....		30
Section 8.1	Vote.....	30
Section 8.2	Eligibility to Vote.....	30
Section 8.3	Designation of Voting Representative.....	31
Section 8.4	Quorum.....	31
Section 8.5	Voting.....	31

Section 8.6	Majority.....	31
ARTICLE 9 MEETINGS .....		31
Section 9.1	Place of Meeting. ....	31
Section 9.2	First Annual Meeting. ....	32
Section 9.3	Annual Meetings.....	32
Section 9.4	Special Meetings.....	32
Section 9.5	Notice of Meetings.....	32
Section 9.6	Adjournment. ....	32
Section 9.7	Order of Business.....	33
Section 9.8	Action Without Meeting. ....	33
Section 9.9	Consent of Absentees.....	33
Section 9.10	Minutes, Presumption of Notice. ....	33
ARTICLE 10 ADVISORY COMMITTEE .....		33
ARTICLE 11 BOARD OF DIRECTORS .....		34
Section 11.1	Number and Qualification of Directors. ....	34
Section 11.2	Election of Directors .....	34
Section 11.3	Powers and Duties.....	36
Section 11.4	Other Duties. ....	36
Section 11.5	Management Agent.....	37
Section 11.6	Vacancies. ....	37
Section 11.7	Removal. ....	37
Section 11.8	First Meeting.....	37
Section 11.9	Regular Meetings. ....	38
Section 11.10	Special Meetings.....	38
Section 11.11	Waiver of Notice.....	38

Section 11.12	Quorum. ....	38
Section 11.13	First Board of Directors. ....	38
Section 11.14	Fidelity Bonds. ....	38
ARTICLE 12 OFFICERS .....		39
Section 12.1	Officers. ....	39
Section 12.2	Election. ....	39
Section 12.3	Removal. ....	39
Section 12.4	Duties. ....	39
ARTICLE 13 SEAL .....		40
ARTICLE 14 FINANCE .....		40
Section 14.1	Records. ....	40
Section 14.2	Fiscal Year. ....	40
Section 14.3	Bank. ....	40
ARTICLE 15 INDEMNIFICATION OF OFFICERS AND DIRECTORS .....		40
ARTICLE 16 AMENDMENTS .....		41
ARTICLE 17 COMPLIANCE .....		41
ARTICLE 18 DEFINITIONS .....		41
ARTICLE 19 REMEDIES FOR DEFAULT .....		42
Section 19.1	Legal Action .....	42
Section 19.2	Recovery of Costs. ....	42
Section 19.3	Removal and Abatement. ....	42
Section 19.4	Assessment of Fines. ....	42
Section 19.5	Collection. ....	42
Section 19.6	Developer Exempt from Fines. ....	43
Section 19.7	Non-Waiver of Right. ....	43

Section 19.8	Cumulative Rights, Remedies and Privileges.....	43
Section 19.9	Enforcement of Provisions of Condominium Documents.....	43
ARTICLE 20 RIGHTS RESERVED TO DEVELOPER.....		43
ARTICLE 21 SEVERABILITY .....		44



**ARTICLE 1**  
**ASSOCIATION OF CO-OWNERS**

The Gardens of Riverside, a single family residential site Condominium Project located in the Township of Holly, Oakland County, Michigan, shall be administered by The Gardens of Riverside Condominium Association, an organization of Co-Owners which is a non-profit corporation (the "Association"), organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Michigan Condominium Act, as amended, (the "Act") and the Bylaws of the Association provided for under the Michigan Non-profit Corporation Act. Each Co-Owner shall be entitled to membership and no other person or entity shall be entitled to membership in the Association. 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 the Co-Owner's Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium available at reasonable hours to Co-Owners, prospective purchasers and prospective mortgagees of Units in the Condominium. All Co-Owners in the Condominium and all persons using or entering upon or acquiring any interest in any Unit or the Common Elements of the Project shall be subject to the provisions and terms set forth in Condominium Documents.

In accordance with the Declaration described in the Master Deed, the Villas Association is responsible for insurance, maintenance, repair and replacement of the Common Facilities and has the right to assess the Co-Owners and the owners of other portions of the Master Development a proportionate share of the costs and expenses of insurance, maintenance, repair and replacement of the Common Facilities as described in the Declaration.

**ARTICLE 2**  
**ASSESSMENTS**

All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Condominium Documents and the Act shall be levied by the Association against the Units and the Co-Owners in accordance with the following provisions:

Section 2.1 Assessments for Common Elements. All costs incurred by the Association in satisfaction of any, improvement or maintenance costs or liability arising within, caused by, or connected with the Common Elements and easements for which the Association has improvement, repair, reconstruction, insurance or maintenance responsibility or the administration of the Condominium Project and charges relating to insurance, repairs, improvement, reconstruction or maintenance of the Common Elements and easement areas of the Condominium shall constitute expenditures affecting the administration of the Project, and shall be billed to the Co-Owners as set forth in the Master Deed and Bylaws, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-Owners against liabilities or losses

arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 2.2 Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

2.2.1 Budget and General Assessments. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly, annual, or other periodic assessment payments as determined by the Board of Directors, rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular Project, the Association should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. In addition, the Association shall maintain a working capital reserve for the initial months of the Project operations in an amount not less than two (2) months estimated common area charge for each Unit. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-Owner and the periodic assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-Owner shall not affect or in any way diminish the liability of any Co-Owner for any existing or future periodic assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors, that the periodic assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, to provide replacements of existing Common Elements, to provide additions to the Common Elements not exceeding Ten Thousand (\$10,000) Dollars or that an event of emergency exists, the Board of Directors shall have the authority to increase the general periodic assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without Co-Owner consent, to levy assessments pursuant to the provisions of Article 5, Section 5.4 of these Bylaws. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

2.2.2 Special Assessments. Special assessments, in addition to those required in subparagraph 2.2.1 above, may be made by the Board of Directors from time to time and approved by the Co-Owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements or costs exceeding Ten Thousand (\$10,000) Dollars for the entire

Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 2.5 hereof, (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph 2.2.2 (but not including those assessments referred to in subparagraph 2.2.1 above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all Co-Owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

2.2.3 Assessments of the Master Development. The Gardens of Riverside is part of the Master Development described in Section 3.13 and Section 4.3 of the Master Deed and set forth in the Declaration to be recorded in the Oakland County Records. The Villas of Riverside Condominium Association ("Villas Association") has responsibility for insurance, maintenance, improvement, repair and replacement of Common Areas of the Master Development as described in the Declaration. The Villas Association shall assess The Gardens of Riverside Condominium Association and the other owners or associations located in the Master Development, pro rata, based on the number of Units in each condominium of the Master Development compared to the total number of units in the Master Development, plus an assessment of the owners of the commercial area as described in the Declaration for the costs for such insurance, maintenance, improvement, repair and replacement of the Common Facilities, which assessments shall be a cost of administration of the Project and collected from the Owners as set forth in the Master Deed, these Bylaws and the Declaration. The Villas Association shall have a lien for such charges against each Owner's Unit and the Owner as set forth in the Declaration. By acceptance of a deed to a Unit, each Co-Owner covenants and agrees to pay to the Association for the benefit of the Villas Association: (a) all annual assessments or charges when due under the Declaration; and (b) special assessments, if any, for capital improvements to be established and collected as set forth in the Declaration.

2.2.4 Special Assessments for Roads. At some time subsequent to the initial development of the Condominium, it may become necessary to pave or improve some or all of the Roads within or adjacent to the Condominium Premises. The Road improvement may be financed, in whole or in part, by the creation of a special assessment district or districts which may include The Gardens of Riverside. The acceptance of a conveyance or the execution of a land contract by any Owner or purchaser of a Condominium Unit shall constitute the agreement by such Owner or purchaser, and their respective heirs, executors, administrators, or assigns, that the Board of Directors of the Association shall be vested with full power and authority to obligate all Co-Owners to participate in a special assessment district for improvements to some or all of the Roads in the Project, sign petitions requesting such special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all Co-Owners; provided, that prior to signature by the Association on a petition for improvement of such public Roads within the Project, the desirability of such Road improvements shall be approved by an affirmative vote of not less than 51% of all Co-Owners. No consent of mortgagees shall be required for approval of such public road improvement for Roads in the Project.

Section 2.3 Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, 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 Unit in Article 5 of the Master Deed, without increase or decrease for the existence of any rights to the use of any Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with subsection 2.2.1 above shall be payable by Co-Owners annually unless otherwise determined by the Board of Directors, commencing with acceptance of a deed to a Unit or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. 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.

Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) per annum until each installment is paid in full. The Association may, pursuant to Article 19, Section 19.4, levy fines for the late payment in addition to such interest. Each Co-Owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to such Co-Owner's Unit which may be levied while such Co-Owner is the Owner thereof, except a land contract purchaser from any Co-Owner including from Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 2.4 Waiver of Use or Abandonment of Unit. No Co-Owner is exempt from liability for contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of the Co-Owner's Unit.

#### Section 2.5 Enforcement

2.5.1 Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien and the lien created by the Condominium Documents that secures payment of assessments. In the event of default by any Co-Owner in the payment of any installment of the annual assessment levied against such Co-Owner's Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a Co-Owner in default upon seven (7) days' written notice to such Co-Owner of the Association's intention to do so. A Co-Owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided,



however, this provision shall not operate to deprive any Co-Owner of ingress or egress to and from such Co-Owner's Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-Owner thereof or any persons claiming under such Co-Owner. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

2.5.2 Foreclosure Proceedings. Each Co-Owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-Owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-Owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit such Co-Owner was notified of the provisions of this subparagraph and that the Co-Owner voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit.

2.5.3 Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-Owner(s) at the last known address of such Co-Owner(s), a written notice that one or more installments of the general periodic or special assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (1) the affiant's capacity to make the affidavit, (2) the statutory and other authority for the lien, (3) the amount outstanding (exclusive of interest, costs, attorneys' fees and future assessments), (4) the legal description of the subject Unit(s), and (5) the name(s) of the Co-Owner(s) of record. If the delinquency is not cured within the ten-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law.

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

Section 2.6 Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit and except for assessments that have priority over the first mortgage as provided in Section 108 of the Act).

Section 2.7 Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the Association assessments. Developer, however, shall at all times pay all expenses of maintaining the Units that it owns and a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and other improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, Developer's proportionate share of such expenses shall be based upon the ratio of Units owned by Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments.

Section 2.8 Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 2.9 Personal Property Tax and Special Tax Assessment of Association Property. 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 2.10 Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 2.11 Statements as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special and Related Costs described below. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments and Related Costs as may exist or a statement that none exists, which statement shall be binding upon the Association for the period stated therein. The written statement from the Association shall also disclose the amount of interest, late charges, fines, costs and attorneys' fees due

and owing with respect to the Unit ("Related Costs"). Upon the payment of that sum set forth in the Association's written statement within the period stated, the Association's lien for assessments and Related Costs as to such Unit shall be deemed satisfied. Provided, however, the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments and Related Costs and the lien securing same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments and Related Costs constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

### ARTICLE 3

#### ARBITRATION/JUDICIAL ACTIONS AND CLAIMS

Section 3.1Scope and Election. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between the Co-Owners or among or between a Co-Owner and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding and judgment on such decision shall be entered by any court of competent jurisdiction, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration. In the absence of agreement to the contrary, the arbitration shall be conducted by the American Arbitration Association. The costs of the arbitration shall be paid equally by the parties to the arbitration proceedings.

Section 3.2Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 3.1 above, no Co-Owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3.3Election of Remedies. Such election and written consent 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.

Section 3.4Judicial Claims and Actions. Actions on behalf of and against the Co-Owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Co-Owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action (other than one to enforce these Bylaws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-Owners, and shall be governed by the requirements of this Section. The requirements of this Section will ensure that the Co-

Owners are fully informed regarding the prospects and likely costs of any civil action the Association proposed to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each Co-Owner shall have standing to sue to enforce the requirements of this Section. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these Bylaws or to collect delinquent assessments:

3.4.1 Board of Director's Recommendation to Co-Owners. The Association's Board of Directors shall be responsible in the first instance for recommending to the Co-Owners that a civil action be filed, and supervising and directing any civil actions that are filed.

3.4.2 Litigation Evaluation Meeting. Before an attorney is engaged for purposes of filing a civil action on behalf of the Association, the Board of Directors shall call a special meeting of the Co-Owners ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The written notice to the Co-Owners of the date, time and place of the litigation evaluation meeting shall be sent to all Co-Owners not less than twenty (20) days before the date of the meeting and shall include the following information:

(A) A certified resolution of the Board of Directors setting forth in detail the concerns of the Board of Directors giving rise to the need to file a civil action and further certifying that:

- (1) it is in the best interests of the Association to file a lawsuit;
- (2) that at least one member of the Board of Directors has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the Association, without success;
- (3) litigation is the only prudent, feasible and reasonable alternative; and
- (4) the Board of Directors' proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative.

(B) A written summary of the relevant experience of the attorney ("litigation attorney") the Board of Directors recommends be retained to represent the Association in the proposed civil action, including the following information:

- (1) the number of years the litigation attorney has practiced law; and



(2) the name and address of every condominium and homeowner association for which the attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.

(C) The litigation attorney's written estimate of the amount of the Association's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.

(D) The litigation attorney's written estimate of the cost of the civil action through a trial on the merits of the case ("total estimated cost"). The total estimated cost of the civil action shall include the litigation attorney's expected fees, court costs, expert witness fees, and all other expenses expected to be incurred in the civil action.

(E) The litigation attorney's proposed written fee agreement.

(F) The amount to be specially assessed against each Unit in the Condominium to fund the estimated cost of the civil action both in total and on a monthly per Unit basis, as required by this Section.

3.4.3 Independent Expert Opinion. If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board of Directors shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the independent expert opinion required by the preceding sentence, the Board of Directors shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the litigation attorney or any other attorney with whom the Board of Directors consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the Co-Owners have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all Co-Owners with the written notice of the litigation evaluation meeting.

3.4.4 Fee Agreement with Litigation Attorney. The Association shall have a written fee agreement with the litigation attorney and any other attorney retained to handle the proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the Co-Owners in the text of the Association's written notice to the Co-Owners of the litigation evaluation meeting.

3.4.5 Co-Owner Vote Required. At the litigation evaluation meeting the Co-Owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney. The commencement of any civil action by the Association (other than a suit to enforce these Bylaws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-Owners. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting.

3.4.6 Litigation Special Assessment. All legal fees incurred in pursuit of any civil action that is subject to this Section shall be paid by special assessment of the Co-Owners of the Association ("litigation special assessment"). The litigation special assessment shall be approved at the litigation evaluation meeting (or at any subsequent duly called and noticed meeting) by a majority in number and in value of all Co-Owners of the Association in the amount of the estimated total cost of the civil action. If the litigation attorney proposed by the Board of Directors is not retained, the litigation special assessment shall be in an amount equal to the retained attorney's estimated total cost of the civil action, as estimated by the attorney actually retained by the Association. The litigation special assessment shall be apportioned to the Co-Owners in accordance with their respective percentage of value interests in the Condominium and shall be collected from the Co-Owners on a monthly basis. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

3.4.7 Attorney's Written Report. During the course of any civil action authorized by the Co-Owners pursuant to this Section, the retained attorney shall submit a written report ("attorney's written report") to the Board of Directors every thirty (30) days setting forth:

(A) The attorney's fees, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the attorney's written report ("reporting period").

(B) All actions taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period.

(C) A detailed description of all discussions with opposing counsel during the reporting period, written and oral, including, but not limited to, settlement discussions.

(D) The costs incurred in the civil action through the date of the written report, as compared to the attorney's estimated total cost of the civil action.

(E) Whether the originally estimated total cost of the civil action remains accurate.

3.4.8 Monthly Board Meetings. The Board of Directors shall meet monthly during the course of any civil action to discuss and review:

- (A) The status of the litigation.
- (B) The status of settlement efforts, if any.
- (C) The attorney's written report.

3.4.9 Changes in the Litigation Special Assessment. If, at any time, during the course of a civil action, the Board of Directors determines that the originally estimated total cost of the civil action or any revision thereof is inaccurate, the Board of Directors shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the Co-Owners, the Board of Directors shall call a special meeting of the Co-Owners to review the status of the litigation, and to allow the Co-Owners to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting.

3.4.10 Disclosure of Litigation Expenses. The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("litigation expenses") shall be fully disclosed to Co-Owners in the Association's annual budget. The litigation expenses for each civil action filed by the Association shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget.

## **ARTICLE 4** **INSURANCE**

Section 4.1 Extent of Coverage. Subject to Section 4.3 of the Master Deed concerning Common Areas of the Master Development, the Association shall, to the extent appropriate given the nature of the Common Elements that are the responsibility of the Association to insure as set forth in Article 4 of the Master Deed and such common amenities or areas as may be located outside of the Condominium but placed under the management and control of this Association, carry fire and extended coverage, vandalism and malicious mischief and liability insurance, (in a minimum amount to be determined by Developer or the Association in its discretion), officers' and directors' liability insurance and workers' compensation insurance, if applicable, and other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the General Common Elements of the Condominium Project, and any Limited Common Elements that are the responsibility of the Association to insure pursuant to Article 4 of the Master Deed, and such insurance, shall be carried and administered in accordance with the following provisions. Notwithstanding any other provisions of this Article, and except to the extent otherwise provided in the Master Deed, to the extent General Common Elements of the Condominium Project are also Common Areas of the Master Development and are insured by the Master Association pursuant to the Declaration, the Association shall not be required to insure such General Common Elements. The Co-Owner of a Unit shall be responsible for insurance on such Co-

Owner's Unit and its appurtenant Limited Common Elements, if any, which are such Co-Owner's responsibility to maintain pursuant to Section 4.4 of the Master Deed.

4.1.1 Responsibilities of Association. 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.

4.1.2 Insurance on Common Elements. Subject to Section 4.3 of the Master Deed, all General Common Elements of the Condominium Project that are the Association's responsibility to insure pursuant to Article 4 of the Master Deed, if insurable shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, 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 in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoiced by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction if the insurance proceeds failed for some reason, to be equal to the total cost of replacement). All information in the Association's records regarding insurance coverage shall be made available to all Co-Owners upon request and reasonable notice during normal business hours so that Co-Owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting to change the nature and extent of any applicable coverages, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-Owners of the nature and extent of all changes in coverages. Unit owners are advised that the Association's coverage is not intended to be complete as to all matters, and the Co-Owners have an obligation to provide certain coverages as outlined in this Article. The liability insurance carried by the Association and the Co-Owners shall, where appropriate, contain cross-liability endorsements to cover liability of the Co-Owners as a group to another Co-Owner.

4.1.3 Liability Insurance. The Association shall carry liability insurance on the General Common Elements and the assets of the Association. The coverage limits shall be in amounts generally required by private institutional mortgage investors and such coverage shall be for at least \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. In addition, the Association, to the extent reasonably available, shall carry officer's and director's liability insurance insuring its officers and directors.

4.1.4 Premium Expenses. All premiums for insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

4.1.5 Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, and the Co-Owners and their mortgagees, as their interests may appear. Provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article 5 of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless two-thirds (2/3) of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

Section 4.2 Authority of Association to Settle Insurance Claims. Each Co-Owner, by ownership of a Unit in the Condominium Project, shall be deemed to have appointed the Association as such Co-Owner's true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workers compensation insurance, if applicable, pertinent to the Condominium Project and the General Common Elements thereof, and with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute the same to the Association, the Co-Owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-Owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 4.3 Responsibility of Co-Owners. Each Co-Owner shall be responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to such Co-Owner's structure and all other improvements constructed or to be constructed within the perimeter of the Co-Owner's Condominium Unit, together with the Limited Common Elements appurtenant to the Co-Owner's Unit, whether located within or outside the perimeter of the Unit, and for the Co-Owner's personal property located therein or elsewhere on the Condominium Project. All such insurance shall be carried by each Co-Owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. In the event of the failure of a Co-Owner to obtain such insurance, the Association may obtain such insurance on behalf of such Co-Owner and the premiums therefore shall constitute a lien against the Co-Owner's Unit which may be collected from the Co-Owner in the same manner that Association assessments are collected in accordance with Article 2. Each Co-Owner also shall be obligated to obtain insurance coverage for the Co-Owner's personal liability for occurrences within the perimeter of the Co-Owner's Condominium Unit or within the structure located thereon and on the Limited Common Elements appurtenant thereto (regardless of where located), and also for alternative living expenses in the event of fire. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 4.3 or any liability to any person for failure to do so.

Section 4.4 Waiver of Right of Subrogation. The Association and all Co-Owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Co-Owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-Owner or the Association.

Section 4.5 Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit or appurtenant Limited Common Elements and shall carry insurance to secure this indemnity if so required by the Developer (and thereafter the Association). This Section 4.5 shall not, however, be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner.

Section 4.6 Determination of Primary Carrier. There may be overlapping coverage between the Co-Owners' insurance policies and insurance policies of the Association, required to be carried pursuant to this Article. In situations where both coverages/policies are applicable to a given loss, the provisions of this Section 4.6 shall control in determining the primary carrier. In cases of property damage to the Unit and its contents, or any other Unit, Limited Common Element or other element or property for which the Co-Owner is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of Article 4 of the Master Deed (including improvements and betterments), the Co-Owner's policy/carrier shall be deemed to be the primary carrier. In cases of property damage to the General Common Elements or a Limited Common Element for which the Association is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of Article 4 of the Master Deed, the Association's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the Unit or in/upon a Limited Common Element for which the Co-Owner is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of Article 4 of the Master Deed (including improvements and betterments), the Co-Owner's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the General Common Elements or in/upon a Limited Common Element for which the Association is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of Article 4 of the Master Deed (including improvements and betterments), the Association's policy/carrier shall be deemed to be the primary carrier. In all cases where the Association's policy/carrier is not deemed the primary policy/carrier, if the Association's policy/carrier contributes to payment of the loss, the Association's liability to the Co-Owner shall be limited to the amount of the insurance proceeds, and shall not in any event require or result in the Association paying or being responsible for any deductible amount under its policies. In cases where the Co-Owner's policy is deemed primary for the purpose of covering losses where the damage is incidental or caused by a general common element or the repair or replacement thereof, the insurance carrier of the Co-Owner shall have no right to subrogation against the Association or its carrier.



## ARTICLE 5

### RECONSTRUCTION OR REPAIR

Section 5.1 Determination to Reconstruct or Repair. If any part of the Condominium Project shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

5.1.1 General Common Elements. If the damaged property is a General Common Element, the damaged property shall be rebuilt or repaired unless it is determined by unanimous vote of all the Co-Owners and mortgagees in the Condominium that the Condominium shall be terminated.

5.1.2 Unit or Improvements Thereon. If the damaged property is a Unit or appurtenant Limited Common Elements or any improvements thereon, the Co-Owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of a mortgagee or other person or entity having an interest in such property, and such Co-Owner shall be responsible for any reconstruction or repair that such Co-Owner elects to make. The Co-Owner shall in any event remove all debris and restore the Unit and the improvements thereon to a clean and slightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage.

Section 5.2 Repair in Accordance with Master Deed. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications on file with the Township of Holly unless eighty (80%) percent of the Co-Owners shall decide otherwise.

Section 5.3 Co-Owner Responsibility for Repair. Each Co-Owner shall be responsible for the reconstruction, repair and maintenance of any structure and other improvements constructed within the perimeter of the Co-Owner's Unit and any appurtenant Limited Common Elements. In the event damage to a structure or to any Limited Common Elements appurtenant thereto is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5.4 of this Article 5. If and to the extent that any structure is covered by insurance held by the Association for the benefit of the Co-Owner, the Co-Owner shall be entitled to receive the proceeds of insurance relative thereto, and if there is a mortgagee endorsement, the proceeds shall be payable to the Co-Owner and the mortgagee jointly. In the event of substantial damage to or destruction of any Unit or any improvements located thereon or any part of the Common Elements, the Association shall promptly so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 5.4 Association Responsibility for Repair. Except as otherwise provided in Section 5.3 above and in the Master Deed, the Association shall be responsible for the reconstruction, repair and maintenance of the General Common Elements. 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 cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, special assessment shall be made against all Co-Owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 5.5 Timely Reconstruction and Repair. If damage to Common Elements or of a Unit adversely affects the appearance of the Project, the Association or Co-Owner responsible for the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property without delay.

Section 5.6 Eminent Domain. Section 133 of the Act and the following provisions shall control upon any taking by eminent domain:

5.6.1 Taking of Unit. In the event of any taking of an entire Unit (or of all the improvements located within the perimeter thereof) by eminent domain, the award for such taking shall be paid to the Co-Owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the Co-Owner and the Co-Owner's mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any Co-Owner whose Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Co-Owner and the Co-Owner's mortgagee, as their interest may appear.

5.6.2 Taking of Common Elements. If there is any taking of any portion of the Condominium other than any Unit, the condemnation proceeds relative to such taking shall be paid to the Co-Owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than two-thirds (2/3) of the Co-Owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

5.6.3 Continuation of Condominium After Taking. In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be re-surveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article 5 of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-Owners based upon the continuing value of the Condominium as one hundred percent (100%). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-Owner or other person having any interest whatever in the Project, as mortgagee or otherwise.

5.6.4 Notification of Mortgagees. In the event any Unit (or improvements located within the perimeter thereof) in the Condominium, or any portion thereof, or the



Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of first mortgagee lien on any of the Units in the Condominium.

Section 5.7 Notification of FHLMC. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA") then, upon request by FHLMC or FNMA, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds Ten Thousand Dollars (\$10,000.00) in amount, or if damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds One Thousand Dollars (\$1,000.00).

Section 5.8 Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Condominium Unit Owner, or any other party, priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Condominium Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

## **ARTICLE 6**

### **RESTRICTIONS/ARCHITECTURAL CONTROL**

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

Section 6.1 Land And Building Use Restrictions. All Units shall be used for private residential purposes only and no building, except an existing building or as specifically authorized elsewhere in this Master Deed and Bylaws, shall be erected, re-erected, placed or maintained or permitted to remain on any Unit, except one (1) residential dwelling not to exceed two (2) stories in height and an attached private garage containing no less than two (2) nor more than three (3) parking spaces for the sole use of the Co-Owner or occupants of the dwelling. No other accessory building or structure including, but not limited to carports, may be erected in the Condominium without the prior written consent of Developer. Notwithstanding the foregoing, Developer or a builder designated by Developer may erect and maintain model homes on any Units owned by Developer or a designated builder until such time as all Units which Developer or its designated builder own are sold. The Common Elements shall be used only for purposes consistent with such residential use.

Section 6.2 Dwelling Quality And Size. It is the intention and purpose of this Master Deed and Bylaws to insure that all dwellings in the Condominium are of a quality, design, workmanship and materials approved by Developer. All dwellings shall be constructed in accordance with the applicable governmental building codes, ordinances and/or regulations and with such further standards as may be required by this Master Deed and Bylaws or by Developer, its successors and/or assigns. The minimum square footage

of floor area of a dwelling, exclusive of basements, unfinished attics, attached garages, steps, opened and/or closed porches, breezeways and similar facilities, shall be not less than one thousand two hundred (1,200) square feet. Notwithstanding the foregoing, Developer or the Architectural Control Committee, referred to below, as the case may be, shall be entitled to grant exceptions to these minimum square footage restrictions to the Co-Owner of a Unit who applies for such exception; provided the Co-Owner demonstrates to the satisfaction of Developer or the Architectural Control Committee, as the case may be, that a reduction in the square footage requirement as to said Co-Owner will not adversely affect the quality of the Condominium or lessen the value of the homes surrounding the home to be constructed by the Co-Owner on such Unit. Any such exception granted to an Co-Owner shall be evidenced by a written agreement and no such exception shall constitute a waiver of any minimum square footage requirement as to any other Unit or Co-Owner.

Section 6.3Building Location. All buildings and structures shall be located on each Unit in accordance with the requirements of the Township of Holly set forth in its zoning ordinance.

Section 6.4Unit Size. The minimum size of each Unit shall be the Unit size established for the Unit in the attached Condominium Subdivision Plan. In the event more than one (1) Unit, or part of a Unit, are developed as a single unit (and except as to the obligation of each Co-Owner for any assessments made against each separate Unit), all restrictions set forth in this Master Deed and Bylaws shall apply to such resulting unit in the same manner as to any single Unit.

Section 6.5Driveways. Access driveways and other paved areas for vehicular use on a Unit or shall have a base of compacted sand, gravel, crushed stone or other approved base material and shall have a wearing surface of concrete or the equivalent thereof. Plans for driveways, pavement edging or markers must be approved by Developer in writing prior to commencing any construction in accordance with such plans and comply with the ordinances of the Township of Holly.

Section 6.6Natural Drainage Ways. Where there exists on any Unit(s) a condition of accumulation of storm water remaining over an extended period of time, the Co-Owner may, with the written approval of Developer and the Township, take such steps as shall be necessary to remedy such condition, subject to the provisions of Section 6.7 of the Master Deed and Section 6.25 below, and provided that no obstructions or diversions of existing storm drain swales and channels, over and through which storm water naturally flows upon or across any Unit, shall be made by an Co-Owner in a manner as to cause damage to other property.

Section 6.7Building Materials. Exterior building materials may be stone, brick, wood, aluminum, vinyl siding or any other material blending with the architecture and natural landscape and approved by Developer.

Section 6.8Home Occupations and Nuisances. No home occupation or profession or commercial activity that requires members of the public to visit a Co-Owner's home or

requires commercial vehicles to travel to and from the Co-Owner's home shall be conducted in any dwelling located in the Condominium with the exception of model homes owned by, and the sales activities of, the Developer or builders, developers and real estate companies which own or hold any Units for resale to customers in the ordinary course of business. No noxious or offensive activities shall be carried on in or upon any Units or the Common Elements nor any activity which may be, or may become, an annoyance or nuisance to the neighborhood, other than normal construction activity. No burning of refuse shall be permitted outside the dwelling, except that the burning of leaves shall be permitted if allowed by ordinance of the Township, provided that it does not become offensive or a nuisance.

Section 6.9 Plant Diseases Or Noxious Insects. No plants, seeds or other material harboring or breeding infectious plant diseases or noxious insects shall be introduced or maintained upon any part of a Unit or appurtenant Limited Common Elements

Section 6.10 Damaged Dwellings And Reconstruction. All permanent dwellings shall be completed within two (2) years from the commencement of construction. No old or used buildings of any kind shall be moved or reconstructed on any Unit. Any damaged or destroyed building for which repair or reconstruction has not commenced within six (6) months from the date of damage or destruction, shall be removed so that there are no ruins or debris remaining within six (6) months from the date of damage or destruction. Any building which is not completed within two (2) years from commencement of construction or any damage or destruction not promptly remedied shall be deemed a nuisance and may be abated as provided by law. Any portion of the Condominium within any public or private road or right-of-way which is disturbed by reason of any work or activity performed by an Co-Owner, or an Co-Owner's agents, employees, contractors shall be restored by the Co-Owner, at the Co-Owner's sole expense, to its condition immediately prior to the commencement of such work or activity. Such restoration shall be performed within a reasonable time, and in no event later than the date of completion of any work or activity on the Co-Owner's Unit.

Section 6.11 Soil Removal. Soil removal from Units shall not be permitted, except as required for construction purposes and as permitted by Developer. In addition, all construction shall be subject to the requirements of the Michigan Soil Erosion and Sedimentation Control Act, as amended, and all other applicable statutes, ordinances, rules and regulations of all governmental agencies having jurisdiction over such activities.

Section 6.12 Underground Wiring. No permanent lines or wires for communication or other transmission of electrical or power (except transmission lines located on existing or proposed easements) shall be constructed, placed or permitted to be placed anywhere above ground on a Unit other than within buildings or structures.

Section 6.13 Maintenance Of Side Strips. Co-Owners of Units shall be responsible for the maintenance of parkways or public rights-of-way located between the line of the Co-Owner's Unit and the edge of adjacent street pavement.

Section 6.14 Tree Removal. Clear-cutting or removal of trees greater than six (6") inch caliper at breast height by any person other than Developer is not be permitted unless such clear-cutting or tree removal is in compliance with all applicable municipal ordinances, and approved by Developer. Prior to commencement of construction, each Unit Co-Owner shall submit to Developer for its approval, a plan for the preservation of trees in connection with the construction process. Each Unit Co-Owner is responsible for maintaining and preserving all large trees on the Co-Owner's Unit, including welling trees, if necessary.

Section 6.15 Performance Of Construction. No building shall be erected on any Unit except by a contractor licensed by the State of Michigan for such purpose.

Section 6.16 Vehicular Parking and Storage. No trailer, mobile home, bus, boat trailer, boat, camping vehicle, motorcycle, recreational vehicle, commercial or inoperative vehicle of any description shall at any time be parked, stored or maintained on any Unit, unless stored fully enclosed within an attached garage or similar structure; provided, however, that builders' sales and construction trailers, trucks and equipment may be parked and used on any Unit during construction operations. No commercial vehicle lawfully upon any Unit for business shall remain on such Unit except in the ordinary course of business and in conformity with all applicable laws and/or ordinances.

Section 6.17 Garbage and Refuse. Trash, garbage or other waste shall be kept only in closed, sanitary containers and shall be promptly disposed of so as not to be objectionable to neighboring property Co-Owners. No outside storage for refuse or garbage shall be maintained or used. The burning or incineration of rubbish, trash, construction materials or other waste outside of any residential dwelling is prohibited.

Section 6.18 Street Trees; Landscaping and Grass Cutting. The Developer shall install and maintain "street trees" on each Unit in accordance with the requirements of the Township of Holly. After the Transitional Control Date, the Association shall be responsible for maintenance of "street trees" in accordance with these Bylaws, the Master Deed, and applicable ordinances. Upon completion of construction of a residential dwelling on any Unit, the Co-Owner shall cause the Unit to be finish graded, seeded or sodded, irrigated and suitably landscaped as soon after such completion of construction as weather permits, and in any event within 90 days from the date of completion. Suitably landscaped shall include (i) one (1) ornamental flowering tree (e.g., disease resistant crabapple) per Unit; and (ii) an assortment of ground cover, deciduous/evergreen shrubs and perennial/annual flowers per Unit. When weeds or grass located on any Unit exceed six (6") inches in height, the Co-Owner shall mow or cut the weeds and grass over the entire Unit except in wooded areas, and Wetlands, if any. If an Co-Owner fails to mow or cut weeds or grass on the Co-Owner's Unit within ten (10) days after written notice, the Developer or the Association may perform such work and the cost shall be assessed to the Co-Owner and become a lien upon the Unit as provided in Article 2 of these Bylaws. All Units owned by Developer or a builder who owns Units for resale in the ordinary course of business shall be exempt from the restrictions contained in this Section 6.18. Upon conveyance of any Unit by Developer or a builder to an Co-Owner other than Developer or a builder, the Unit shall be subject to all of the restrictions contained in this Section 6.18.



Section 6.19 Swimming Pools, Tennis Courts And Other Structures. No swimming pools, tennis courts, or other similar recreational structures shall be constructed on any Unit until after the Transition Control Date. Thereafter, no swimming pool or other recreational structure shall be constructed on any Unit unless approved by the Association. Any swimming pool or similar structure which has been approved in writing by the Association shall be constructed in accordance with this Master Deed and Bylaws and with all applicable local ordinances and/or state laws. No above ground swimming pools are permitted. Swimming pools, tennis courts, whirlpools, hot tubs and other similar recreational structures, if approved in writing by the Association, shall be screened from any street lying entirely within the Condominium, by wall, solid fence, evergreen hedge or other visual barrier as approved in writing by the Association and in compliance with all laws and governmental regulations and ordinances pertaining thereto.

Section 6.20 Lawn Fertilization. The Township may regulate the type of fertilizers that may be used on any Unit.

Section 6.21 Signs. No signs or any kind shall be displayed to the public view on any Unit excepting one (1) professional sign of not more than five (5) square feet advertising the property for sale or rent. Such signs as are allowed must be maintained in good condition at all times and removed on the termination of their use. The foregoing restrictions contained in this Section 6.21 shall not apply to signs installed or erected on any Unit by Developer or any builder who owns Units for resale in the ordinary course of business, during any construction period or during such periods as any residence may be used as a model or for display purposes. No exterior illumination of any kind shall be placed or allowed on any portion of a Unit other than on a residential dwelling, unless first approved by Developer. Developer shall approve such illumination only if the type, intensity and style thereof are compatible with the style and character of the development of the Unit. All signs shall be in compliance with applicable ordinances.

Section 6.22 Objectionable Sights. Aboveground exterior fuel tanks are not permitted. The stockpiling and storage of building and landscape materials and/or equipment are not permitted on any Unit or appurtenant Limited Common Elements, except such materials and/or equipment as may be used within a reasonable length of time. In no event shall the storage of landscape materials extend for a period of more than thirty (30) days. No laundry drying equipment shall be erected or used outdoors and no clothes lines or laundry shall be hung for drying outside of the dwelling.

Section 6.23 Maintenance. The Co-Owner of each Unit and the occupants of any portion of the Unit shall keep all buildings and grounds in good condition and repair.

Section 6.24 Real Estate Sales Office. Notwithstanding anything to the contrary contained in this Master Deed and Bylaws, Developer, and/or any builder which Developer may designate, may construct and maintain on any Unit(s) a real estate sales office, with such promotional signs as Developer or builder may determine and/or a model home or homes for such purposes. Developer and any designated builder may continue such activity until such time as all of the Units in which Developer or builder have an interest are sold.

Section 6.25 Wetlands and Flood Plains. No wetland area, flood plains or detention areas shall be used, modified or occupied without the prior written approval of Developer, the Association, the Township and applicable governmental authorities.

Section 6.26 Leasing and Rental.

6.26.1 Right to Lease. A Co-Owner may lease a Co-Owner's Unit for the same purposes set forth in Section 6.1 of these Bylaws and Section 4.5 of the Master Deed, provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified below. With the exception of a lender in possession of a Unit following a default of the first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-Owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least six (6) months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer, or its assigns, may lease any number of Units in the Condominium in its discretion and shall not be subject to the foregoing, or the leasing procedures set forth below, except for disclosure of the leasing arrangement to the Association. These leasing provisions may not be revised prior to the Transitional Control Date without Developer's prior written consent and may not be materially amended without Developer's prior written consent so long as Developer owns a Unit.

6.26.2 Leasing Procedures. The leasing of Units in the Project shall conform to the following provisions:

6.26.2.1 A Co-Owner desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form or otherwise agreeing to grant possession of a Condominium Unit to a potential lessee of the Unit and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If no lease form is to be used, then the Co-Owner shall supply the Association with the name and address of the potential lessee, along with the rental amount and the due dates under the proposed agreement.

6.26.2.2 Tenants or non-owner occupants shall comply with all of the conditions of the Condominium Documents of the Condominium Project and all leases and rental agreements shall so state.

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

6.26.2.3.1 The Association shall notify the Co-Owner by Certified Mail advising of the alleged violation by the tenant.

6.26.2.3.2 The Co-Owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

6.26.2.4 If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-Owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-Owner and tenant or non-owner occupant for breach of the condition of the Condominium Documents. The relief provided in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-Owner liable for any damages to the Common Elements caused by the Co-Owner or tenant in connection with the Unit or Condominium Project.

6.26.2.5 When a Co-Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to the tenant occupying a Co-Owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-Owner the arrearage and further assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-Owner to the Association, then the Association may do the following:

6.26.2.5.1 Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.

6.26.2.5.2 Initiate proceedings pursuant to 6.26.2.4 above.

Section 6.27 Architectural Controls. The purpose of architectural controls is to promote an attractive, harmonious residential development having continuing appeal. Accordingly, unless and until the construction plans and specification are submitted to, and approved in writing by, Developer in accordance with the provisions of Section 6.28 below, (i) no building, fence, wall or other structure shall be constructed, erected or maintained, and (ii) no addition, change or alteration shall be made to any existing building, fence, wall or other structure except interior alterations.

#### Section 6.28 Submission Of Plans And Plan Approval.

6.28.1 All construction plans, specifications and related materials pertaining to construction or alteration of a building, fence, wall or other structures shall be filed by the applicant for approval in the office of Developer, or with any agent specified by Developer. The construction plans, specifications and related materials shall show the nature, kind, shape, height, materials (including samples of exterior building materials upon request), approximate cost of the building, fence, wall or other structure, proposed drainage of surface water, and the location and grade of all buildings, structures,

improvements, utilities and parking areas. Developer shall have sole authority to review, approve or disapprove the plans, specifications and related materials or any part thereof. Developer shall have the right to refuse to approve the proposed plans, specifications and related materials, or grading plans, or portions thereof, which are not suitable or desirable in the sole discretion of Developer, for aesthetic or other reasons. In its review of the plans, specifications, and related materials, Developer may consider compatibility of the proposed building, fence, wall or other structures with the surroundings area and the view from adjacent or neighboring properties. Natural landscaping and trees shall be left in their natural state to the extent practical.

6.28.2 A report in writing setting forth the decision of Developer, and the reasons therefor, shall be furnished to the applicant by Developer within thirty (30) days from the date of filing of complete plans, specifications and related materials by the applicant. Developer will aid and cooperate with prospective builders and Co-Owners and make suggestions based upon Developer's review of preliminary sketches. Prospective builders and Co-Owners are encouraged to submit preliminary sketches for informal comment prior to submission of final plans and specifications. If Developer fails to give written notice of approval of any final plans, specifications and related materials submitted to Developer under this Section within thirty (30) days from the date of submission of complete plans, specifications and related materials, then the submitted plans, specifications and related materials shall be deemed disapproved by Developer. Developer shall be entitled to charge each applicant a review fee in an amount not to exceed Two Hundred Fifty and 00/100 (\$250.00) Dollars, to reimburse Developer for any actual costs incurred in connection with the review of the applicant's plans, specifications and related materials.

6.28.3 Neither Developer nor any person(s) or entity(ies) to which Developer delegates any of its rights, duties or obligations hereunder, including, without limitation, the Association and Architectural Control Committee referred to in Section 6.31 below, shall incur any liability whatsoever for approving or failing or refusing to approve all or any part of any submitted plans, specifications and related materials. Developer reserves the right to enter into agreements with the Co-Owner of any Unit(s) (without the consent of Co-Owners of other Units or adjoining or adjacent property) to deviate from any or all of the restrictions set forth in these Bylaws, provided that the Co-Owner demonstrates that the application of the particular restriction(s) in question would create practical difficulties or hardships. Any such deviation shall be evidenced by a written agreement and no such deviation or agreement shall constitute a waiver of any such restriction as to any other Unit or Co-Owner.

Section 6.29 Architectural Control Committee. At such time as the fee simple interest in one hundred (100%) percent of the Units in the Condominium have been conveyed by Developer, or, at such earlier time as Developer may elect, Developer shall assign all of its rights, duties and obligations as set forth in this Article 6 of these Bylaws to a committee of the Association ("Architectural Control Committee") or to the Association. The assignment shall be by a written instrument in which the assignee expressly accepts such rights, duties and obligations. Such instrument when executed by the assignee shall, without further act, release Developer from all such obligations and



duties. If such assignment is made, the acts and decisions of the assignee as to any matters assigned shall be binding upon all Unit Co-Owners and other interested parties. If Developer assigns its rights, duties and obligations under this Article 6 to an Architectural Control Committee, the Architectural Control Committee shall consist of no less than three (3) Members and no more than five (5) Members, to be appointed by Developer. Developer may assign its right to appoint members of the Architectural Control Committee to the Association. Until such time, however, Developer reserves the right to appoint Members to and remove Members from the Architectural Control Committee in its sole discretion.

Section 6.30 Changes in Common Elements. No Co-Owner shall make changes in any of the Common Elements, Limited or General, without the prior written approval of the Board of Directors.

Section 6.31 Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-Owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-Owners. The Villas Association has the right to establish rules and regulations related to the Common Areas of the Master Development as set forth in the Declaration.

Section 6.32 Right of Access of Association and Villas Association. The Association and Villas Association or their respective duly authorized agents shall have access to each Unit thereon from time to time, during reasonable working hours, upon notice to the Co-Owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association and Villas Association or their respective agents shall also have access to each Unit thereon at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to any Unit or to the improvements thereon. In the event of an emergency, the Association or Villas Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-Owner for any necessary damage to such Co-Owner's Unit.

Section 6.33 General Common Element and Easement Maintenance. Roads and walkways shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. All General Common Elements including the Storm Drainage Facilities, Open Space Areas, Wetlands and Flood Plain, and Entrance Way, Landscaping, and Perimeter Improvements and Easements shall be maintained by the Association unless otherwise provided in the Master Deed or Bylaws.

Section 6.34 Co-Owner Maintenance. Each Co-Owner shall maintain such Co-Owner's Unit and the improvements thereon, including the dwelling, inside and out, the driveway, including snow removal, and the yard, the sidewalk thereto, in a safe, clean and

sanitary condition, and shall keep the yard mowed, maintained and landscaped. Each Co-Owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems which are appurtenant to or which may affect any other Unit. Each Co-Owner shall be responsible for damages or costs to the Association resulting from negligent or intentional damage to or misuse of any of the Common Elements by such Co-Owner, or the Co-Owner's family, guests, agents or invites, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-Owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the association may be assessed to and collected from the responsible Co-Owner in the manner provided in Article 2 hereof.

### Section 6.35 Reserved Rights of Developer

6.35.1 Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article 6 shall apply to the commercial activities or signs or billboards, if any, of Developer during the Construction and Sales Period or of the Association in furtherance of its powers and purposes set forth in the Condominium Documents, as they may be amended from time to time. Developer shall have the right during the Construction and Sales Period to maintain a sales office, a business office, a construction office, model units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the Project by Developer. Developer shall restore the areas so used to habitable status upon termination of such use. The rights of assignment reserved to the Developer in Article 20 below shall include the right to permit the maintenance and use of sales offices, model units, advertising display signs, storage areas and reasonable parking incident to the foregoing by to one or more Residential Builders, who may exercise such rights simultaneously with the Developer.

6.35.2 Enforcement of Condominium Documents. The Condominium shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private residential community for the benefit of the Co-Owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape the Condominium in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which Developer may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. Developer shall have the right to enforce these Bylaws throughout the Construction and Sales Period, which right of enforcement may include (without limitation) an action to restrain the Association or any Co-Owner from any activity prohibited by these Bylaws, regardless of any provision otherwise requiring arbitration.

Section 6.36 Unightly Conditions. It shall be the responsibility of each Unit Owner to prevent any unclean, unsightly or unkempt conditions of buildings or ground on the Owner's Unit that tend to substantially decrease the beauty of the Development as a

whole or any specific area thereof. No lawn ornaments, sculptures or statutes shall be placed or permitted to remain on any Unit.

Section 6.37 Temporary Structures. Trailers, tents, shacks, tool sheds, barns or any temporary buildings of any design whatsoever are expressly prohibited within the Development and no temporary dwelling shall be permitted in an unfinished residential building. This shall not prevent the erection of a temporary storage building for materials and supplies to be used in the construction of a Unit, and which shall be removed from the premises on completion of the structure, and shall not prevent use by any builder or contractor of trailers for material storage or model offices during the period of construction in the Development, provided the same shall be removed at the completion of such construction.

Section 6.38 Animals or Pets. No animals or fowl (except household pets) shall be kept or maintained on any Unit. Any pets kept in the Project or property in the Development shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No animal may be permitted to run loose upon the Common Elements, and any animal shall at all time be attended by a responsible person while on the Common Elements. Any person who causes or permits an animal to be brought or kept on the Development shall indemnify and hold harmless the Association and Villas Association for any loss, damage or liability which the Association or Villas Association, respectively, may sustain as a result of the presence of such animal on the Development.

Section 6.39 Refuse and Stored Materials. No Unit shall be used or maintained as a dumping ground or for outside storage for rubbish, trash, garbage or other materials. Other waste shall be kept in a sanitary container, properly concealed from public view. The Board of Directors of the Association may designate a day of the week on which all trash pick-up in the Development shall occur. No trash shall be put out earlier than the morning of the day designated for pick-up and all containers shall be removed by the end of such day.

Section 6.40 Mail Boxes. All mail boxes of the Project shall be of uniform size, location, color and same design in compliance with the standards set forth by the Developer.

Section 6.41 Solar Panels. No solar panel, solar collector or similar devise shall be placed, constructed, altered, or maintained on any Unit or placed, constructed, altered, or maintained on any Unit.

Section 6.42 Television Antenna and Similar Devises. No outside television antenna or other antenna, or aerial, saucer, dish, receiving device, signal capture and distribution device or similar device shall be placed, constructed, altered or maintained on any Unit, unless the device is a so called "mini dish" (not to exceed 24 inches in diameter) mounted on the side or rear of the residence in a location that is fully screened from view and approved by the Board of Directors of the Association. The provisions of this subsection shall not apply to those devices covered by 47 C.F.R. § 1.4000, promulgated

pursuant to the Telecommunications Act of 1996, Pub. L. No. 104. 110, § 207 Stat. 56 (1996), as amended.

Section 6.43 Decks, Air Conditioning Units. All decks must be located in the rear yard of a Unit. However, decks or related walkways can protrude not more than four feet into any side yards. Decks and any related walkways must comply with all applicable rear or side yard setback requirements imposed by the Township and these Bylaws. No external air conditioning unit shall be placed in or attached to a window or wall of any Unit. No compressor or other component of a central air conditioning system (or similar system, such as a heat pump) shall be so located on any Unit so as to be visible from the public street on which the Unit fronts, and, to the extent reasonably possible, all such external equipment shall be so located on any Unit so as to minimize the negative impact thereof on any adjoining Unit, in the terms of noise and appearance.

Section 6.44 Fences, Walls and Dog Runs. With the exception any fencing improvements installed by Developer, no perimeter fences, walls or similar structures shall be erected on any Unit. Dog kennels or runs or other enclosed shelters for animals are prohibited. "Invisible fencing" type devices may, with the prior approval of the Architectural Control Committee, be installed within individual Units, provided such installation shall be located within the rear portion of the Unit only, with no portion extending beyond the front portion of the residential dwelling structure located upon such Unit. In the event the Association approves a swimming pool on a particular Unit, wrought iron fences, consisting of a design and quality sufficient to satisfy local and state laws, shall be permitted by the Association in order to enclose the swimming pool area. No other fences, walls or similar structures shall be erected on any Unit without the prior written approval of Developer prior to the Transitional Control Date and the Association thereafter.

Section 6.45 Statues, Sculptures, Objects of Art and Other Similar Objects. No statues, sculptures, objects of art or any other similar objects ("Objects of Art") shall be permitted in the front or along the side of any Unit. Objects of Art are permitted in the back of the Unit so long as they are placed in a location in the back of the Unit that is unobtrusive, and not readily visible from the street or common areas and shall be adequately screened by landscaping, if necessary, or by other visual barriers as may be approved in writing by the Developer, the Association, or the Architectural Control Committee, if applicable.

Section 6.46 Public Utilities. All public utilities such as water main, sanitary sewers, storm sewers, gas mains, electric and telephone local distribution lines, cable television lines, and all connections to same, either private or otherwise, shall be installed underground. However, above-ground transformers, pedestals and other above-ground electric and telephone utility installations and distribution systems and surface and off-site drainage channels and facilities, as well as street lighting stanchions, shall be permitted.

Section 6.47 Vehicles, Motorcycles and Snowmobiles. No trailers, boats, aircraft, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobiles, snowmobile trailers, jet skis, jet ski trailers or other recreational vehicles, or



other vehicles, other than passenger cars, passenger vans, pick-up trucks and so-called "Blazer" type vehicles shall be parked or maintained on any Unit unless in a suitable private attached garage. Motorcycles are allowed on the roads in the Development, but motorcycles and all other motorized off-road vehicles are prohibited in all other General Common Element areas. Snowmobiles are prohibited in all General Common Element areas.

Section 6.48 Basketball Hoops and Play Areas. Basketball hoops and play areas are permitted subject to strict compliance with the following restrictions:

6.48.1 All basketball hoops shall be on ground mounted posts located at least 20 feet from the curb of the adjacent road for a residence with a front entry garage, or at least 30 feet from the curb of the adjacent road for a residence with a side entry garage.

6.48.2 The ground mounted post for the basketball hoop shall be located at least 5 feet from the side line of the Unit.

6.48.3 No florescent or bright colors shall be permitted for either the post or the backboard. The ground mounted post shall be painted black and the backboard of the basketball hoop shall be clear.

6.48.4 Any lighting of basketball hoops and play areas shall be designated to shield light away from homes on other Units.

Section 6.49 Swings, Slides, Playscapes And Other Playground Equipment. No swings, slides, playscapes or other similar playground equipment (collectively "Playground Equipment") shall be constructed on any Unit unless approved in advance, in writing by the Architectural Control Committee. Any Playground Equipment which has been approved in writing by the Architectural Control Committee shall be constructed in accordance with the Master Deed and Bylaws and with all applicable local ordinances and/or state laws. In any event, all approved Playground Equipment must be placed in a location on the Unit that is unobtrusive, and not readily visible from the street or common areas and shall be adequately screened by landscaping, if necessary, or by other visual barriers as may be approved in writing by the Architectural Control Committee.

Section 6.50 Firearms. No firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices shall be used anywhere on or about the Condominium Project.

Section 6.51 Restrictions in Declaration. The Project is subject to restrictions related to the Common Areas of the Master Development as set forth in the Declaration, which govern Common Storm Drainage Facilities, the Shared Interest Areas, the Holly-Patterson Drain, and Riverside Drive Signs and Landscaping as described in Section 3.13 and Section 4.3 of the Master Deed.

Section 6.52 Common Areas of the Master Development. Notwithstanding any other provision of these Bylaws to the contrary, the Villas Association is responsible for administration of the Common Areas of the Master Development. As set forth in the

Declaration, the Villas Association shall have the authority to ensure that the Common Areas of the Master Development are administered, insured, maintained, repaired and replaced in a manner consistent with the Declaration.

## **ARTICLE 7** **MORTGAGES**

Section 7.1 Notice to Association. Any Co-Owner who mortgages such Co-Owner's Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-Owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-Owner of such Unit that is not cured within sixty (60) days.

Section 7.2 Insurance. The Association shall notify each mortgagee appearing in the book of Mortgagees of Units 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, to the extent the Association is required by these Bylaws to obtain such coverage.

Section 7.3 Notification of Meetings. Upon written request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

## **ARTICLE 8** **VOTING**

Section 8.1 Vote. Except as limited in these Bylaws, all of the Co-Owners of a Unit shall be entitled to only one vote for each Unit owned, and the value of the vote attributed to each Unit shall be equal.

Section 8.2 Eligibility to Vote. No Co-Owner, other than Developer, shall be entitled to vote at any meeting of the Association until such Co-Owner has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Sections 9.2 and 11.2 of these Bylaws, no Co-Owner, other than Developer, shall be entitled to vote prior to the date of the First Annual Meeting held in accordance with Sections 9.2 and 11.2. The vote of each Co-Owner may be cast only by the individual representative designated by such Co-Owner in the notice required in Section 8.3 of this Article 8 or by a proxy given by such individual representative. Until the First Annual Meeting Developer shall be entitled to vote notwithstanding the fact that Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting Developer shall be entitled to one vote for each Unit which Developer owns.

Section 8.3Designation of Voting Representative. Each Co-Owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-Owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned by the Co-Owner, and the name and address of each person, firm, corporation, partnership, association, trust or other 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-Owners of a Unit at any time by filing a new notice in the manner herein provided.

Section 8.4Quorum. Those Co-Owners present in person or by proxy at the First Annual Meeting held in accordance with Sections 9.2 and 11.2 shall constitute a quorum for such meeting. At all other meetings of Co-Owners, the presence in person or by proxy of thirty-five percent (35%) of the Co-Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to have a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

Section 8.6Majority. A majority, except where otherwise provided herein, shall consist of more than fifty percent (50%) of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association where a quorum is present. Whenever provided specifically in the Condominium Documents, a majority may be required to exceed the simple majority herein above set forth of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

## **ARTICLE 9**

### **MEETINGS**

Section 9.1Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-Owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure as selected by the Board of Directors, when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 9.2 First Annual Meeting. The First Annual Meeting may be convened only by the Developer and may be called at any time after more than fifty percent (50%) of the Units that may be created have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-Owners of seventy-five percent (75%) in number of all Units that may be created or fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-Owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting and no such meeting shall be construed as the First Annual Meeting. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-Owner. The phrase "Units that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Units which Developer is permitted, under the Condominium Documents as they may be amended, to include in the Condominium.

Section 9.3 Annual Meetings. Annual meetings of the Association shall be held on the last Thursday of October each succeeding year after the year in which the First Annual Meeting is held at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-Owners a Board of Directors in accordance with the requirements of Article 11 of these Bylaws. The Co-Owners may also transact at the annual meetings such other business of the Association as may properly come before them.

Section 9.4 Special Meetings. It shall be the duty of the President to call a special meeting of the Co-Owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the Co-Owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 9.5 Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Co-Owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-Owner at the address shown in the notice required to be filed with the Association by Article 8, Section 8.3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 9.6 Adjournment. If any meeting of Co-Owners cannot be held because a quorum is not in attendance, the Co-Owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.



Section 9.7 Order of Business. The order of business at all meetings of the members shall be as follows: (1) roll call to determine the voting power represented at the meeting; (2) proof of notice of meeting or waiver of notice; (3) reading of minutes of preceding meeting; (4) reports of officers; (5) reports of committees; (6) appointment of inspector of elections (at annual meetings or special meetings held for purpose of election of Directors or officers); (7) election of Directors (at annual meeting or special meetings held for such purpose); (8) unfinished business; and (9) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 9.8 Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members, which ballots are signed within no more than a sixty (60) day period, as determined by the Board of Directors. Ballots shall be solicited in the same manner as provided in Section 9.5 for the giving of notice of meetings of members. Such solicitations shall specify (1) the number of responses needed to meet the quorum requirements; (2) the percentage of approvals necessary to approve the action; and (3) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt within the time period specified in the solicitation of (1) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (2) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9.9 Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9.10 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. Recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

## ARTICLE 10 ADVISORY COMMITTEE

Within one (1) year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within one hundred twenty (120) days after conveyance to

purchasers of one-third (1/3) of the total number of Units that may be created, whichever first occurs, Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-developer Co-Owners. The Committee shall be established and perpetuated in any manner Developer deems advisable, except that if more than fifty percent (50%) of the non-developer Co-Owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the Board of Directors and the non-developer Co-Owners and to aid the transition of control of the Association from Developer to non-developer Co-Owners. The Advisory Committee shall cease to exist automatically when the non-developer Co-Owners have the voting strength to elect a majority of the Board of Directors of the Association. Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected by the Co-Owners.

## ARTICLE 11 BOARD OF DIRECTORS

Section 11.1 Number and Qualification of Directors. The Board of Directors shall be comprised of three (3) members all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association. Directors shall serve without compensation.

### Section 11.2 Election of Directors

11.2.1 First Board of Directors. The first Board of Directors shall be composed of three (3) persons and such first Board of Directors or its successors as selected by Developer shall manage the affairs of the Association until the appointment of the first non-developer Co-Owners to the Board. Thereafter, elections for non-developer Co-Owner Directors shall be held as provided in subsections 11.2.2 and 11.2.3 below. The Directors shall hold office until their successors are elected and hold their first meeting.

11.2.2 Appointment of Non-developer Co-Owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-Owners of twenty-five percent (25%) of the Units that may be created, one (1) of the three (3) Directors shall be selected by non-developer Co-Owners. When the required percentage level of conveyance has been reached, Developer shall notify the non-developer Co-Owners and request that they hold a meeting and elect the required Director. Upon certification to Developer by the Co-Owners of the Director so elected, Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting unless such Director is removed pursuant to Section 11.7 of this Article or such Director resigns or becomes incapacitated.

### 11.2.3 Election of Directors At and After First Annual Meeting

11.2.3.1 Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-Owners of seventy-five percent (75%) of the Units that may be created, and before conveyance of ninety percent (90%) of such Units, the non-developer Co-Owners shall elect all Directors on the

Board except that Developer shall have the right to designate at least one (1) Director as long as the Units that remain to be created and sold equal at least ten percent (10%) of all Units that may be created in the Project. Whenever the seventy-five percent (75%) conveyance level is achieved, a meeting of Co-Owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

11.2.3.2 Regardless of the percentage of Units which have been conveyed, upon the expiration of fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-Owner of a Unit in the Project, the non-developer Co-Owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection 11.2.3.1. Application of this subsection does not require a change in the size of the Board of Directors.

11.2.3.3 If the calculation of the percentage of members of the Board of Directors that the non-developer Co-Owners have the right to elect under subsection 11.2.3.2, or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-Owners under subsection 11.2.2 results in a right of non-developer Co-Owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Co-Owners have the right to elect. After application of this formula Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of Developer to designate one (1) member as provided in subsection 11.2.3.1.

11.2.3.4 At the First Annual Meeting two (2) Directors shall be elected for a term of two (2) years and one (1) Director shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one (1) slate and the two (2) persons receiving the highest number of votes shall be elected for a term of two (2) years and the one (1) person receiving the next highest number of votes shall be elected for a term of one (1) year. After the First Annual Meeting, the term of office (except for one (1) of the Directors elected at the First Annual Meeting for a one year term) of each Director shall be two (2) years. At each annual meeting held after the first, either one (1) or two (2) Directors shall be elected depending upon the number of Directors whose terms expire. The Directors shall hold office until their successors have been elected and hold their first meeting.

11.2.3.5 Once the Co-Owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-Owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article 9, Section 9.3 above.

11.2.3.6 Status of Units Conveyed to Residential Builders. For purposes of calculating the timing of events described in Article 10 above and this Section 11.2, the conveyance by the Developer of a Unit to a Residential Builder, whether or not the Residential Builder is affiliated with the Developer as defined by the Act, shall not be considered a sale to a non-Developer Co-Owner until such time as the Residential Builder conveys the Unit with a completed Residence on it or until the Unit contains a completed and occupied Residence.

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

Section 11.4 Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

11.4.1 To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.

11.4.2 To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

11.4.3 To carry insurance and collect and allocate the proceeds thereof.

11.4.4 To rebuild improvements to the Common Elements after casualty (subject to the provisions of the Condominium Documents).

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

11.4.6 To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

11.4.7 To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association; and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of seventy-five percent (75%) of all of the members of the Association.

11.4.8 To make rules and regulations in accordance with these Bylaws.

11.4.9 To establish such committees as the Board of Directors deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions



or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

11.4.10 To enforce the provisions of the Condominium Documents.

Section 11.5 Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 11.3 and 11.4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by Developer, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon ninety (90) days' written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act.

Section 11.6 Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that Developer shall be solely entitled to fill the vacancy of any Director whom Developer is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association. Vacancies among non-developer Co-Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-Owners and shall be filled in the manner specified in Section 11.2.2 of this Article.

Section 11.7 Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) of all the Co-Owners, not just of those present, and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal thirty-five percent (35%) requirement set forth in Article 8, Section 8.4. Any Director whose removal has been proposed by the Co-Owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer Co-Owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 11.8 First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be



necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present.

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

Section 11.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally, by mail, telephone or facsimile which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

Section 11.11 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be deemed a waiver of notice by the Director of the time and place thereof. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11.12 Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon twenty-four (24) hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for purposes of determining a quorum.

Section 11.13 First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

Section 11.14 Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds, insuring against theft, dishonesty, and other standard coverage of fidelity bonds. The premiums on such bonds shall be expenses of administration.

## ARTICLE 12

### OFFICERS

Section 12.1 Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Secretary and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two (2) offices except that of President may be held by one person.

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

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

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

Section 12.2 Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 12.3 Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and such officer's successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 12.4 Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

**ARTICLE 13****SEAL**

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

**ARTICLE 14****FINANCE**

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

Section 14.2 Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

Section 14.3 Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

**ARTICLE 15****INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon such Director or officer in connection with any proceeding to which the Director or officer may be a party or in which the Director or officer may become involved by reason of being or having been a Director or officer of the Association, whether or not such office is held at the

time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Co-Owners thereof. Further, the Board of Directors is authorized to carry officers' and Directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

#### **ARTICLE 16** **AMENDMENTS**

These Bylaws may be amended by the Association or by the Developer in the manner provided in the Master Deed. Any amendment to these Bylaws shall become effective upon recording in the office of the register of deeds in the county in which the Condominium is located. A copy of each amendment to these Bylaws shall be made available to every member of the Association after adoption; provided, however, that any amendment adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium irrespective of whether such persons actually receive a copy of the amendment. These Bylaws may not be amended in any manner to eliminate or conflict with any mandatory provision of the Act or any applicable law or provision of the Master Deed; nor may they be amended to materially reduce or eliminate the rights of any first mortgagees without the consent of the mortgagees affected.

#### **ARTICLE 17** **COMPLIANCE**

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

#### **ARTICLE 18** **DEFINITIONS**

All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit or as set forth in the Act.

**ARTICLE 19**  
**REMEDIES FOR DEFAULT**

Any default by a Co-Owner shall entitle the Association or another Co-Owner or Co-Owners to the following relief:

Section 19.1 Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-Owner or Co-Owners.

Section 19.2 Recovery of Costs. In any proceeding arising because of an alleged default by any Co-Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-Owner be entitled to recover such attorneys fees.

Section 19.3 Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit and the improvements thereon, where reasonably necessary, and summarily remove and abate, at the expense of the Co-Owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-Owner arising out of the exercise of its removal and abatement power authorized herein.

Section 19.4 Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-Owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless rules and regulations establishing such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-Owners in the same manner as prescribed in Article 9, Section 9.5 of these Bylaws. Thereafter, fines may be assessed only upon notice to the offending Co-Owners as prescribed in said Article 9, Section 9.5, and an opportunity for such Co-Owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article 2 of these Bylaws. No fine shall be levied for the first violation. No fine shall exceed Twenty-Five Dollars (\$25.00) for the second violation, Fifty Dollars (\$50.00) for the third violation or One Hundred Dollars (\$100.00) for any subsequent violation.

Section 19.5 Collection. The fines levied pursuant to Section 19.4 above shall be assessed against the Co-Owner and shall be due and payable together with the regular Condominium assessment on the first of the next following month. Failure to pay the fine will subject the Co-Owner to all liabilities set forth in the Condominium Documents.