

Exhibit A
to Master Deed

Steeplechase
BYLAWS

**ARTICLE I
ASSOCIATION OF OWNERS**

Steeplechase, a residential Site Condominium Project located in Metamora Township, Lapeer County, Michigan, shall be administered by an Association of Owners which shall be 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 and Improvements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act. Each Owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Homesite. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Owners, prospective purchasers and prospective mortgagees of Homesites in the Condominium Project. All Owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Homesite therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the Condominium Documents.

**ARTICLE II
ARCHITECTURAL APPROVAL**

Section 1. Architectural Control. An architectural approval process has been established to assure that Steeplechase is developed in the highest quality manner consistent with the design goals for the community. No building, structure or other improvement shall be erected, constructed or permitted to remain on any Homesite, including additions and alterations to existing improvements, unless approval has been granted by the Developer, or subsequently the Association, in accordance with the procedure described below and also complies with the restrictions and requirements of the Condominium Documents, unless any non-compliance has been specifically waived in writing. The Developer intends that all residences and other improvements in Steeplechase shall be designed, constructed and maintained to achieve an aesthetically pleasing environment of the highest standards.

Section 2. Architectural Approval Procedure. No tree removal, excavation or construction shall be performed on any Lot until detailed plans and specifications for any proposed improvements have been submitted to and approved in writing by the Developer or Association. A two-step submittal and review procedure shall be followed for obtaining the approval of the Developer for any new residence on any Homesite, before application is made to the Township for a building permit, as follows:

A. Conceptual Approval. Sketches, photographs or renderings, with a preliminary site plan indicating the desired position of the residence on the homesite, shall be submitted to and approved by the Developer to determine if the proposed residence will be within the design goals for the community.

B. Final Approval. To obtain Final Approval for a residence, 2 copies of the following materials shall be submitted to the Developer prior to submittal to the Township for a building permit:

1. A complete set of construction plans, including floor plans and elevations for all sides of the proposed residence.

2. A description of exterior building materials and colors including actual samples of brick, stone and roofing materials.
3. A site plan showing the location of the proposed residence, drives and other proposed improvements for the Homesite, existing and proposed grades for yard areas, the proposed elevation of the first floor, garage slab and walkout basement, and an indication of trees to be removed.

Upon approval, a signed copy of the plans and documents will be returned to the Owner who may then apply to the Township for a building permit. Additionally, a landscape plan shall be submitted to the Developer for approval within 90 days of the start of construction meeting the landscape requirements contained in Article II of these Bylaws.

Section 3. Approval and Disapproval. The Developer may disapprove plans for a residence or other improvement due to non-compliance with any restriction contained in these Documents, or because of dissatisfaction with proposed grading, location, materials, design, or appropriateness of the proposed improvement or alteration, or because of any matter, which, in the sole judgment and discretion of the Developer, would cause the proposed improvement to be inconsistent with the design goals for the Project, including purely aesthetic considerations.

Section 4. Right to Assign Approval Powers. The Developer reserves the right to assign, delegate or otherwise transfer its rights and powers of architectural approval as provided herein to the Association at any time, but is not obligated to do so until residences have been constructed on all Homesites in the Project.

ARTICLE III USE RESTRICTIONS

Ownership and use of all Homesites in the Condominium shall be subject to the following limitations and restrictions:

Section 1. Residential Use. All Homesites in Steeplechase shall be used for single-family residential purposes only. Only one single-family residence with its associated improvements may be constructed on any Homesite.

Section 2. Preservation of Slopes and Natural Features. It is the intent of the Developer to ensure preservation of the natural features of each Homesite to the greatest extent possible. Consequently, a great deal of importance will be placed during the approval process on ensuring that the natural site characteristics of each particular Homesite are well integrated into the architectural and site plan design for that site. Every effort shall be made to preserve the natural topography, slopes, hillsides, woods, groves of trees, ravines and all other desirable natural features through skillful and appropriate design, placement and construction of the residences and related improvements. Each Owner shall individually have the responsibility to ensure that the natural features of their Homesite are preserved by the Owner's builder and contractors during construction, and shall protect these features on a permanent basis after construction is completed.

Section 3. Trees. No large trees (i.e. trees measuring six (6) inches or more in diameter at eye level) may be removed without the written approval of the Developer or the Association. Each Owner shall maintain and preserve all large trees on his or her Homesite, except those for which approval has been obtained for removal on the approved site plan. This responsibility includes welling trees, installation of temporary protective fencing during construction, or any other means necessary to assure their health and survival.

Section 4. Exterior Architecture. The exterior of all homes shall be traditional or classical in architectural design. Contemporary or modern architecture is not considered to be within the design goals for the community and will not be permitted. The Developer shall determine in its sole judgement whether the proposed architectural design meets the traditional or classical design goals for the development.

Section 5. Architectural Uniqueness. A proposed residence shall not be substantially similar in exterior design and appearance to any other residence within the development which has received Architectural Approval. The primary basis for determination of similarity will be proportions and massing of architectural elements, location and style of windows and front entrance areas, rooflines and exterior colors and materials.

Section 6. Minimum Size. Each residence must have a minimum livable floor area of 2,600 square feet. For the purposes of this paragraph, garages, patios, decks, open porches, entrance porches, terraces, basements, lower levels, and like areas shall be excluded in determining the livable floor area.

Section 7. Minimum Width. Each residence shall have a minimum total building width of sixty two (62) feet, including the attached garage.

Section 8. Garages. All residences shall include an attached garage for a minimum of two cars. Garages shall have side or rear entry doors which are no less than perpendicular with the street at the front of the residence. Front entry garages are expressly prohibited. Garages are to be located at the opposite side of the normal approach direction to the residence, topography permitting. The garage apron area is to be screened by landscaping to prevent a direct view into the garage from the street. Garage doors shall be kept closed.

Section 9. Exterior Walls. The majority of the exterior wall areas of all residences shall be constructed of brick or stone with any remaining wall areas covered by individual plank siding consisting of wood or composite materials made of wood, cement or fiberglass. The use of any other exterior wall materials must be specifically approved in writing by the Developer. All windows must be of high quality wood frame or vinyl clad construction. Exterior doors shall be of high quality with design and material approved by the Developer. Exterior building materials and colors must be approved by the Developer according to Article II of these Bylaws.

Section 10. Roofing Materials. Roofs shall be covered with high quality multi-tabbed dimensional asphalt shingles, cedar shakes or other approved material with the design, color and material approved by the Developer prior to installation. White or light colored roofs are not permitted.

Section 11. Roof Pitch. No single-level flat roofs shall be permitted on the entire main body of any dwelling, building or other structure. Flat roofs may be installed over Florida rooms, porches or patios if they are architecturally compatible with the residence, but only if the same are approved by the Developer. The pitch of any proposed roof shall be depicted on plans submitted to the Developer and the degree of pitch acceptable shall be at the Developer's discretion.

Section 12. Roof Vents. Ridge-type roof vents shall be used wherever possible and can-type roof venting devices are discouraged. Plumbing vents, metal vents, caps, stacks and flashings shall be painted to match the roof color or painted black, and shall be located so as not to be visible from the street wherever possible.

Section 13. Chimneys. The exterior portion of all chimneys located along an exterior wall (whether intended for live fires or furnaces) shall be covered with brick or stone resting on a concrete foundation or brickledge. Interior chimneys penetrating the roof of the residence may be constructed without a foundation and enclosed with artificial stone, stucco or cementitious material such as "Dryvit", or thin panel brick matching the residence, but only upon written approval of the Developer. No chimneys enclosed with wood or any type of siding shall be permitted. Chimney tops shall consist of clay flues or approved metal caps black in color. Metal caps shall extend no further than 1 inch down chimney walls from the top so as to be as unobtrusive as possible. Chimneys shall have a minimum width of 2 feet 10 inches at any point.

Section 14. Driveways. Driveways shall be constructed of asphalt paving, brick pavers or approved paving materials which provide an elegant, textured appearance. Common concrete paving is not permitted except in the garage apron area within 3 feet of the garage doors. Driveways must be installed prior to occupancy of a residence or within 30 days of substantial completion.

Section 15. Air Conditioning Units. No window or wall mounted air conditioners are permitted. All exterior air conditioning equipment shall be located at the sides of the residence as to minimize noise to adjacent

homes and shall be screened by landscaping so as to not be visible from the road or adjacent residences.

Section 16. Lampposts. In the course of construction of the residence, the Owner shall install a lamppost and lamp controlled by an automatic photocell switch, in front of the residence near the street, to provide a degree of ambient lighting throughout the community. The size, style, location and illuminative power and type shall be specified by the Developer. After initial installation, the Owner shall maintain such lamppost in good working order and it shall remain lit between dusk and dawn.

Section 17. Mailboxes. Each Owner shall install a mailbox of a design, material, color and construction specified by the Developer to insure a pleasing, high-quality appearance throughout the community.

Section 18. Landscaping Schedule. As part of the Architectural Approval process for a new residence, landscape plans must be submitted to the Developer for review and approval within 90 days of the start of construction of a residence. Each residence and surrounding yard area must be landscaped within thirty (30) days after substantial completion of the residence, season permitting, including model and speculative homes constructed by builders.

Section 19. Planting Material Sizes. Planting materials used for landscaping are to be of high quality and substantial size to provide a pleasing appearance immediately upon installation. Each front yard area, if not wooded, is to contain at least two evergreen trees of minimum 10-foot height and three deciduous trees of minimum 3- inch caliper. Shrubs and ornamental plantings are to be as large as possible.

Section 20. Lawn Areas. All areas of a residential Homesite not landscaped with plant materials or maintained as natural areas shall be established and attractively maintained as lawn areas by sodding or hydroseeding. Lawn or landscaped areas shall be extended and maintained to the edge of the pavement along all Homesite boundaries.

Section 21. Landscape Materials. Retaining walls, if constructed, shall consist of natural stone and not wood or masonry materials. Mulching materials shall consist of dark shredded bark, bark chips or sphagnum peat; wood chips or stone mulch shall not be used.

Section 22. Sprinklers. An underground sprinkler system shall be installed to service the lawn areas of each homesite, and lawn areas shall be sprinklered during dry conditions.

Section 23. Walls and Fences. No fence or wall of any type shall be permitted for the purpose of enclosing any Homesite. Anodized black or bronze aluminum picket fencing, four (4) feet in height, may be used on a Homesite for the purpose of enclosing a permitted swimming pool, in locations approved by the Developer.

Section 24. Basketball Backboards. The type, style and location of basketball backboards shall be approved by the Developer. Backboards shall be located as unobtrusively as possible rearward of the front of a residence.

Section 25. Swimming Pools. Only in-ground pools are permitted subject to the Developer's written approval. All pool areas shall be visually screened with landscaping and all mechanical equipment shall be concealed from view. Pools areas shall be enclosed by an attractive 4-foot fence which shall be approved by the Developer; chain link fences will not be permitted.

Section 26. Spas. Free-standing, above ground spas not integrated into in-ground swimming pools shall be located close to the rear of a residence within a deck or patio area with all mechanical equipment fully concealed.

Section 27. Outdoor Playsets. Outdoor playground equipment shall be located in the rear yards of residences, shall be screened from view from the road and adjacent homesites with evergreen landscaping vegetation, and shall be constructed of wood.

Section 28. Utility Meter Locations. Gas and electric meters, telephone junction boxes, sump pump discharges and sprinkler anti-siphon valves attached to residences shall be located in such a manner as to be hidden from view from the road or adjacent homesites.

Section 29. Lawn Ornaments. No lawn ornaments, sculptures or statues shall be placed or permitted to remain on any Homesite, except that holiday decorations shall be permitted on a seasonable basis, unless approved in writing by the Developer.

Section 30. Pets. No animals, other than household pets at a maximum of two (2) per species, shall be maintained by any Owner. No animal may be kept or bred for any commercial purpose and all animals shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. All animals shall be properly licensed. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements. Each Owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Owner. No dog which barks and can be heard on any frequent or continuing basis shall be kept on any Homesite or on the Common Elements even if permission was previously granted to maintain the pet on the premises. The Association may, without liability to the Owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section.

Section 31. Homesite Maintenance. Each Homesite and all improvements thereon, including without limitation the residence, landscaping, lawns, walks, drives, patios, decks, swimming pools and docks, shall be maintained in first class and attractive condition. Lawns shall be fertilized on a regular basis, kept neatly trimmed and free of weeds, and irrigated during dry periods. Lawn maintenance services by outside contractors shall be performed only between the hours of 8:00 A.M. to 6:00 P.M. Monday through Saturday.

Section 32. Alterations and Modifications of Common Elements. No Owner shall make alterations, modifications or changes in any of the Common Elements or Common Improvements without the express written approval of the Developer. No Owner shall restrict access to any utility line, or any other element that must be accessible to service the Common Improvements or which affects an Association responsibility.

Section 33. Business Use of a Home. No home-based business which involves visits by clients, customers or patrons, or which involves frequent pickups or deliveries of materials, or which creates noise, odors or any offensive activity, may be established or maintained on any Homesite without written approval of the Association, including businesses related to home day care, product sales, personal services, etc.. The Association shall have the right to deny, condition, rescind or place time limits on any approval requests that it may receive.

Section 34. Offensive Activities. No improper, unlawful, dangerous or offensive activity shall be carried on within the Condominium nor shall anything be done which may be or become an annoyance or a nuisance to the Owners. No unreasonably noisy activity shall occur within the Condominium and disputes among Owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Owner shall do or permit anything to be done that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices; burning of trash or leaves; installation or operation of electronic insect killers; or operation of flood or other bright lights which are an annoyance to an adjacent resident.

Section 35. Aesthetics. No Homesite or Common Elements shall be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted Rules and Regulations of the Association. No exterior radio, television aerial, antenna, satellite dish or other reception or transmission device shall be placed, constructed, altered or maintained on any Homesite without the prior written consent of the Developer, which the Developer may withhold in its sole discretion. Homesites shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. All portions of window treatments, including, but not limited to, curtains, drapes, blinds and shades, visible from the exterior of any dwelling shall be made of or lined with material which is

white or off-white in color or blends with the exterior of the residence.

Section 36. Trash Removal. Trash shall be stored out of sight in standard receptacles specified by the Developer or Association, and placed at the curb for trash pickup no sooner than the evening before the collection day. All Owners shall contract with a single company selected by the Association in order to obtain a better rate and limit trash collection to a single day per week. Trash receptacles shall be removed as soon as possible after trash collection.

Section 37. Vehicles. All house trailers, trucks, commercial vehicles, boat trailers, aircraft, boats, camping vehicles, camping trailers, motorcycles, all-terrain vehicles, snowmobiles, vans intended for other than family transportation, snowmobile trailers or any other vehicles other than automobiles, sport utility vehicles, family vans and pickup trucks used for non-commercial personal transportation, must be parked in garages with the doors closed. If such vehicles cannot be accommodated within a closed garage, they may not be parked on the Condominium premises. Passenger vehicles shall be parked in garages to the greatest extent possible. Garage doors shall be kept closed. No inoperable vehicles of any type may be stored outdoors under any circumstances. No motorcycles, snowmobiles or other vehicles designed primarily for off-road use shall be used, maintained or operated in the Condominium or on its roads. No parking on the road is permitted without the Association's prior approval.

Section 38. Accessory Structures. No shack, detached garage, barn, storage shed, tent, tree house, skateboard ramp, or any structure of a temporary nature, may be constructed, used or occupied at any time. Carriage houses and/or pool houses may be permissible, but only if architecturally complementary to the main residence, can be accommodated by the homesite and if approved by the Developer or Association and the Township. Tents for special entertainment events may be erected for periods not to exceed forty-eight (48) hours.

Section 39. Signs or Advertisement. No commercial signs shall be erected or maintained on any Lot advertising a builder, supplier, contractor, landscaper, or other business except with the written permission of the Developer or Association. During the initial home construction period, a temporary sign may be posted containing the Owner's name and address provided that this sign conforms in size, color and content to the requirements of the Developer. One "For Sale" sign may be posted per Homesite if the residence is available for purchase subject to any restrictions by the Developer or Association in regard to location, size and color, provided that the sign is constructed in a professional manner and is located at least 15 feet from the road right-of-way.

Section 40. Maintenance of Homesites Prior to Construction. Each Homesite purchaser shall have the obligation to keep their Homesite in an attractive and pleasing condition in the interval prior to the construction of the residence. This obligation shall include the prompt removal of dead or diseased trees, mowing as necessary, and the prevention or correction of any unsightly or unkempt conditions which may negatively affect the beauty of the community.

Section 41. Construction Time Limits. Once commenced, all construction activity shall be prosecuted and carried out with all reasonable diligence, and the exterior of all dwellings and other structures must be completed as soon as practicable after construction commences and in any event within twelve (12) months after such commencement, except where such completion is impossible or would result in exceptional hardship due to strikes, fires, national emergencies or natural calamities.

Section 42. Construction Cleanliness. Throughout the course of construction, the job site shall be maintained in a clean and orderly manner. All trash and debris shall be promptly deposited in a dumpster located as unobtrusively on the site as possible. Burning of trash and debris is prohibited. The road surface in the vicinity of the job site shall be kept clean of mud, trash and debris at all times.

Section 43. Construction Hours. Construction hours are from 8:00 A.M. to 6:00 P.M. Monday through Saturday except holidays. No construction activities are permitted during the evening or on Sundays.

Section 44. Construction Area. All construction, including access by construction vehicles and equipment, shall be confined to the boundaries of the Homesite under construction. Adjacent homesites may not be used for parking, storage or access. All construction personnel shall park their vehicles either on the residential site

under construction or on the roadway in the immediate vicinity. Vehicles may not be parked on the grass or on adjacent Homesites to prevent damage to the grassed areas along the road.

Section 45. Construction Material Storage. Temporary, short-term storage of construction materials on the building site shall be done in a neat and orderly manner at a distance of at least thirty (30) feet from the curb. Materials shall not be stored on the road, or on adjacent sites (even if vacant).

Section 46. Water Supply and Sewage Disposal. Residences in Steeplechase are intended to be served by on-site septic systems and individual wells constructed at the cost of the Homeowner in accordance with the requirements of the Lapeer County Health Department. No Homesite shall be used for other than a single residence. All dwellings are to be served by individual well water supplies. All wells shall be drilled by a well driller registered in the State of Michigan. All wells shall be completely grouted. In the absence of a suitable clay layer of at least 10 feet in thickness, wells shall be a minimum of 100 feet in depth. Permits for the installation of wells and for the construction of on-site sewage disposal systems must be obtained from the Lapeer County Health Division prior to the start of construction of a residence. Soil examinations will be required on each Homesite under supervision of the Lapeer County Health Department before issuance of septic permits to determine soil characteristics and septic system criteria. Each septic system shall be installed and properly maintained by each Owner at his or her sole expense. The preceding provisions of this Section shall be in effect for perpetuity and shall not be amended without prior written approval of the Lapeer County Health Department.

Section 47. Easements and Other Conditions. Easements for the construction, installation and maintenance of public or private utilities, drainage facilities, and other purposes are reserved over individual Homesites as shown on Exhibit B to the Master Deed. Landscaping shall be allowed within the easement areas to the extent that it does not interfere with reasonable and necessary access for the installation and maintenance of utilities and facilities located within such easements. No structure shall be constructed on any easement nor shall any grading be done which restricts the intended water flow in any drainage easements. Easements include the right by the appropriate authority to cut trees or shrubs, to excavate or grade the soil or to take other similar action reasonably necessary to maintain the utility or facility located within the easement area, subject to reasonable restoration of the area as nearly as practicable to its original condition by the Developer, Association, public utility or other agency causing the maintenance work to be performed.

Section 48. Rules and Regulations. 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 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 Owners.

ARTICLE IV RESERVED RIGHTS OF THE DEVELOPER

Section 1. Developers Right of Approval. During the Development and Sales period, the Developer shall have the exclusive right of architectural approval for all residences, related improvements and landscaping as described in Article II of this document.

Section 2. Developer's Right to Waive or Amend Restrictions. Notwithstanding anything herein to the contrary, the Developer reserves the right to waive any restriction or requirement under the Developer's authority, if in the Developer's sole discretion such is appropriate in order to maintain the atmosphere, architectural harmony, appearance and value of the Condominium and the Homesites therein, or to relieve an Owner or a contractor from an undue hardship, or if the Developer determines that the restriction or requirement does not accomplish its intended goal in a specific situation. The waiver of a restriction or requirement by the Developer in a specific circumstance shall not diminish the validity or enforceability of that restriction or requirement in other circumstances.

Section 3. The Developer's Rights in Furtherance of Sales. None of the restrictions contained in Article III shall apply to the commercial activities, signs or billboards, if any, of the Developer during the Sales and Development Period. Notwithstanding anything herein to the contrary, the Developer shall have the right to maintain advertising display signs, billboards, a sales office (including a temporary building or mobile trailer), model units, storage areas and reasonable parking to enable sale and development of the entire Project.

Section 4. Enforcement of Bylaws. The Developer and the Association, as their interests may appear, shall have the responsibility and the obligation to enforce the provisions contained in these Bylaws including the Restrictions set forth in Article III. The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Owners and all persons having an interest in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any person to whom he may assign this right, at his option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Sales and Development Period which right of enforcement shall include (without limitation) an action to restrain the Association or any Owner from any activity prohibited by these Bylaws.

Section 5. Right of First Refusal. Until such time as an occupancy permit has been issued with respect to a residence on a Homesite, the Developer shall have a right of first refusal to purchase any Homesite on the same terms and conditions as the Homesite Owner is offering to any other prospective purchaser. Prior to selling such a Homesite, the Homesite Owner shall provide the Developer with written notice of the proposed sale, including all terms and conditions thereof. The Developer shall have five (5) days thereafter to notify the Homesite Owner in writing as to whether or not it intends to exercise its right of first refusal. If it fails or declines to exercise its right of first refusal, the Homesite Owner may proceed to sell the Homesite on the same terms and conditions as were stated in the notice. Any change in the terms and conditions of a proposed sale shall require that the Homesite Owner give new notice to the Developer of the proposed sale. In any event, any purchaser shall acquire the Homesite subject to the Developer's right of first refusal with respect to any future sale. If the Developer indicates its intention to exercise its right of first refusal, the Homesite Owner shall promptly provide the Developer with an appropriate title insurance commitment in the amount of the proposed purchase price for the Homesite, confirming that the Homesite Owner can grant the Developer good and marketable title. Closing shall occur within thirty (30) days of the date the Developer and the Homesite Owner receive a satisfactory title commitment.

Section 6. Standard for the Developer's Approvals; Exculpation from Liability. In reviewing and passing upon the plans, drawings, specifications, submissions and other matters to be approved or waived by the Developer, the Developer intends to ensure that the residences and other improvements meet the requirements set forth in the Condominium Documents; however, the Developer reserves the right to waive or modify such restrictions or requirements pursuant to Section 2 of this Article. In addition to ensuring that all residences and improvements comply with the requirements and restrictions of the Condominium Documents, the Developer (or the Association, to the extent approval powers are assigned to it by the Developer) shall have the right to base its approval or disapproval of any plans, designs, specifications, submissions or other matters on such other factors, including completely aesthetic considerations, as the Developer in its sole discretion may determine appropriate or pertinent. The Developer currently intends to take into account the design goals for the Condominium in passing upon plans, designs, drawings, specifications and other submissions. In no event shall either the Developer (or the agents, officers, employees or consultants thereof), or the Association have any liability whatsoever to anyone for any act or omission contemplated herein including, without limitation, the approval or disapproval of plans, drawings and specifications of the residences or improvements subject thereto, whether such alleged liability is based on negligence, tort, express or implied contract, fiduciary duty or otherwise. In no event shall any party have the right to impose liability on, or otherwise contest judicially, the Developer or any other person for any decision of the Developer (or alleged failure of the Developer to make a decision) relative to the approval or disapproval of a structure or any aspect or other matter as to which the Developer reserves the right to approve or waive under the Master Deed. The approval of the Developer (or the Association, as the case may be) of a building, structure, improvement or other matter shall not be construed as a representation or warranty that the structure or matter is properly designed or that it is in conformity with the ordinances or other requirements of Metamora Township or any other governmental authority. Any obligation or duty to ascertain any such non-conformities, or to advise the Owner or any other person of the same (even if

known), is hereby disclaimed.

ARTICLE V LEASING AND SALE OF RESIDENCES

Section 1. Right to Lease. An Owner may lease his or her residence provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in Section 2 below. Owners shall have the obligation to ensure that the lessee is familiar with and willing to abide by all provisions of the Condominium Documents including the Rules and Regulations, if any. With the exception of a lender in possession of a residence following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Owner shall lease less than an entire residence in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least nine 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.

Section 2. Leasing Procedures. The leasing of residences in the Project shall conform to the following provisions:

(1) An Owner, including the Developer, desiring to rent or lease a residence, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to a potential lessee 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.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements shall so state.

(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:

(a) The Association shall notify the Owner by certified mail advising of the alleged violation by the tenant.

(b) The Owner shall have 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.

(c) If after 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 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 Owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceedings. The Association may hold both the tenant and the Owner liable for any damages to the Common Elements caused by the Owner or tenant in connection with the Residence or Condominium Project.

(4) When a Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying an Owner's residence under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Owner the arrearage and future 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.

Section 3. Notification of Sale. An Owner intending to make a sale of his Homesite shall notify the Association in writing at least 21 days before the closing date of the sale and shall furnish the name and address of the intended purchaser and such other information as the Association shall reasonably require. The purpose of this Section is to enable the Association to be aware at all times of the identities of all persons owning or occupying a Homesite and to facilitate communication with all such persons regarding the rights, obligations and responsibilities under the Condominium Documents. Under no circumstances shall this provision be used for purposes of discrimination against any owner, occupant or prospective owner on the basis of race, color, creed, national origin, sex

or other basis prohibited by law.

ARTICLE VII RECONSTRUCTION AND REPAIR

Section 1. Association Responsibility for Repair. Subject to Articles IV and V of the Master Deed, the Association shall be responsible for the reconstruction, repair and maintenance of the Common Elements and Common Improvements. Immediately after the occurrence of a casualty causing damage to a General Common Element or Common Improvement, the Association shall obtain reliable and detailed estimates of the cost to place 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 cost 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, assessment shall be made against all 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 2. Timely Reconstruction and Repair. If damage to the Common Elements or Common Improvements adversely affects the appearance or utility of the Project, the Association shall proceed with replacement of the damaged property without delay.

Section 3. Owner's Responsibility for Repair. Each Owner shall be responsible for all reconstruction, repair and replacement required within his Homesite resulting from damage and shall diligently, in good faith and as quickly as is reasonable complete the work necessary to repair the damage incurred.

Section 4. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

A. Taking of Homesite or Improvements Thereon. In the event of any taking of all or any portion of a Homesite or any improvements thereon by eminent domain, the award for such taking shall be paid to the Owner of such Homesite and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If an Owner's entire Homesite is taken by eminent domain, such Owner and his mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium Project.

B. Taking of General Common Elements. If there is any taking of any portion of the General Common Elements, the condemnation proceeds relative to such taking shall be paid to the Owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% of the Owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

C. Continuation of Condominium After Taking. In the event the Condominium Project continues after a taking of some portion thereof by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Homesite shall have been taken, then Article VI of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Owners so that the total percentage of value of all Homesites continues to be 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 Owner.

D. Notification of Mortgagees. In the event any Homesite 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 a first mortgage lien on any of the Homesites in the Condominium.

E. Applicability of the Act. To the extent not inconsistent with the foregoing provisions, Section 133 of the Act shall control upon any taking by eminent domain.

Section 5. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give an Owner or any other party priority over any rights of first mortgagees of Condominium

Homesites pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Homesites and/or Common Elements.

ARTICLE VII INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the Common Elements and Common Improvements of the Project, carry all risk insurance coverage and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion, but in no event less than \$1,000,000 per occurrence), officers' and directors' liability insurance, and workmen's compensation insurance, if applicable, and any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the Common Elements and Common Improvements and such insurance shall be carried and administered in accordance with the following provisions:

A. Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association, the Developer and the 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 Owners.

B. Insurance of Common Elements. All Common Elements and Common Improvements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, if any, as determined annually by the Board of Directors of the Association.

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

D. Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the 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 VII 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.

Section 2. Authority of Association to Settle Insurance Claims. Each Owner, by ownership of a Homesite in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project and the Common Elements and Common Improvements appurtenant thereto, 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 therefor, to collect proceeds and to distribute the same to the Association, the 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 Owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibilities of Owners. Each Owner shall be responsible for obtaining all risk insurance coverage with respect to the residence and all other improvements constructed or to be constructed within the perimeter of the Owner's Homesite and for personal property located therein or thereon or elsewhere on the Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. Prior to the construction of a residence, each Owner shall obtain all peril builder's risk and public liability insurance and maintain such in full force and effect during the construction period. Each Owner also shall be obligated to obtain insurance coverage for Owner's personal liability for occurrences within the perimeter of the Owner's Homesite (naming the Association and the Developer as additional insureds), and also any other personal insurance coverage

that the Owner wishes to carry.

Section 4. Waiver of Right of Subrogation. The Association and all Owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Owner or the Association.

Section 5. Indemnification. Each Owner shall indemnify and hold harmless every other Owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such Owner's Homesite and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Sales and Development Period). This Section 5 shall not be construed to give any insurer any subrogation right or other right or claim against any Owner, however.

ARTICLE VIII 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 Homesites and the Owners thereof in accordance with the following provisions:

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements, Common Improvements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Owners against liabilities or losses arising within, caused by, or connected with the Common Elements, Common Improvements 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. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

A. Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the 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 payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to 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. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Owner shall not affect or in any way diminish the liability of any Owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. 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 of the members thereof.

B. Special Assessments. Special assessments, in addition to those required in subparagraph A. above, may be made by the Board of Directors from time to time and approved by the Owners as

hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements or Common Improvements of a cost exceeding \$10,000.00 for the entire Condominium Project per year, (2) assessments to purchase a Homesite upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph B. (but not including those assessments referred to in subparagraph A. 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 60% of all Owners in number. 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.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Owners to cover expenses of administration shall be apportioned among and paid by the Owners in accordance with the percentage of value allocated to each Homesite in Article VI of the Master Deed, without increase or decrease for the existence of any rights to use, or the use of the Common Improvements or the Common Elements. Assessments shall be due and payable by the Owners in advance on an annual basis, commencing with the date of the acceptance of a deed to a Homesite or the date of the acquisition of fee simple title to a Homesite by any other means and prorated for the remainder of the first year. 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. A fifty (\$50.00) dollar late fee will be levied against each Owner for each month in which the Owner is in default on the payment of an assessment. Assessments in default, including any late fee(s) thereon, shall bear interest at the rate of seven (7%) percent per annum until paid in full. All such late fees and any interest thereon shall be added to and become a part of the assessment for which such late fees and interest were levied. Each Owner (whether 1 or more persons) shall be, and remain, personally liable for the payment of all assessments (including late fees, interest, reasonable attorney's fees and other costs of collection and enforcement of payment) levied against his Homesite during his ownership of the Homesite, except a land contract purchaser from any Owner including the Developer shall be so personally liable and his land contract seller shall not be personally liable for all assessments levied from the date of the land contract sale up to and including the date upon which the land contract seller actually takes possession of the Homesite following extinguishment of all rights of the land contract purchaser in the Homesite. 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 attorney's fees; second, to any interest charges and late fees on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Homesite. No Owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or Common Improvements or by the abandonment of his Homesite.

Section 5. Enforcement.

A. 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 that secures payment of assessments. In the event of default by any Owner in the payment of any installment of the annual assessment levied against his Homesite, or any special assessment levied against his Homesite, the Association shall have the right to declare all unpaid installments of the annual or special assessment immediately due and payable.

B. Foreclosure Proceedings. Each 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 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 Homesite 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 Owner acknowledges that at the time of acquiring title to his Homesite,

he was notified of the provisions of this subparagraph and that he 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 Homesite.

C. 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 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Owner(s) at his or their last known address, a written notice that one or more annual or special assessment levied against the pertinent Homesite is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), (iv) the legal description of the subject Homesite(s), and (v) the name(s) of the Owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds of Lapeer County prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

D. Expenses of Collection. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's 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 Owner in default and shall be secured by the lien on his Homesite.

Section 6. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Homesite in the Project which comes into possession of the Homesite 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 Homesite which accrue prior to the time such holder comes into possession of the Homesite (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 Homesites including the mortgaged Homesite).

Section 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 regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Homesites that it owns, including the improvements located thereon, together with 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 Homesites in the Project and of the improvements constructed within or appurtenant to the Homesites that are not owned by the Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Homesites owned by the Developer at the time the expense is incurred to the total number of Homesites then in the Project. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to Homesites owned by it on which a completed residential dwelling is located. Any assessments levied by the Association against the Developer for other purposes shall be void without the Developer's consent. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Homesite from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. A "completed residential dwelling" shall mean a residential dwelling with respect to which a certificate of occupancy has been issued by the Township.

Section 8. Statement as to Unpaid Assessments. The purchaser of any Homesite may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. 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 Homesite, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the

Association's lien for assessments as to such Homesite shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least 5 days prior to the closing of the purchase of such Homesite shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the Homesite itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Homesite and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 9. 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 10. Personal Property 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 Owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 11. 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.

ARTICLE IX ARBITRATION

Section 1. Disputes, claims or grievances arising out of or relating to the interpretation of the application of the Condominium Documents or any disputes, claims or grievances arising among or between Owners, the Developer or the Association, shall be subject to arbitration in accordance with the provisions of Section 144 of the Act.

ARTICLE X MORTGAGES

Section 1. Notice to Association. Any Owner who mortgages his Homesite shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Homesites". The Association may, at the written request of a mortgagee of any such Homesite, report any unpaid assessments due from the Owner of such Homesite. The Association shall give to the holder of any first mortgage covering any Homesite in the Project written notification of any default in the performance of the obligations of the Owner of such Homesite that is not cured within 60 days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

Section 3. Notification of Meetings. Upon written request submitted to the Association, any institutional holder of a first mortgage lien on any Homesite 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 XI VOTING

Section 1. Number of Votes. Except as limited in these Bylaws, each Owner shall be entitled to one vote for each Homesite owned.

Section 2. Eligibility to Vote. No Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Homesite in the Condominium

Project to the Association. Except as provided in Article XIV, Section 2 of these Bylaws, no Owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article XII. The vote of each Owner may be cast only by the individual representative designated by such Owner in the notice required in Section 3 of this Article below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Homesites at some time or from time to time during such period. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Homesite which it owns.

Section 3. Designation of Voting Representative. Each 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 Owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Homesite or Homesites owned by the Owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Owner. Such notice shall be signed and dated by the Owner. The individual representative designated may be changed by the Owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 50% of the Owners in number 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 require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Voting Procedure. 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 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50% in value 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. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth and may require such majority to be one of both number and value 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 XII MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at such suitable place convenient to the 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, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than 50% of the Homesites in Steeplechase have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Owners of 75% of the Homesites, or 54 months after the date of conveyance of the first Homesite, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 15 days' written notice thereof shall be given to each Owner.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the first Wednesday of March in 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 8 months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Article XIV of these Bylaws. The Owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by one-third of the 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 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 the time and place where it is to be held, upon each Owner of record, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Owner at the address shown in the notice required to be filed with the Association by Article XI, Section 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 6. Adjournment. If any meeting of Owners cannot be held because a quorum is not in attendance, the Owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

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

Section 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. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. 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 is present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes; 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. A 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 XIII ADVISORY COMMITTEE

Within 1 year after conveyance of legal or equitable title to the first Homesite in the Condominium to a purchaser or within 120 days after conveyance to purchasers of 33% of the Homesites, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least 2 non-developer Owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if at least 3 of the non-developer 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 temporary Board of Directors and the non-Developer Owners and to aid in the transition of control of the Association from the Developer to purchaser Owners. The Advisory Committee shall cease to exist automatically when the non-Developer Owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Owners.

ARTICLE XIV BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall be comprised of 5 members. The affairs of the Association shall be governed by the Board of Directors, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

A. First Board of Directors. The first Board of Directors shall be comprised of 5 persons and such first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-Developer Owners to the Board. Thereafter, elections for non-Developer Owner Directors shall be held as provided in subsections (B) and (C) below.

B. Appointment of Non-Developer Owners to Board Prior to First Annual Meeting. Not later than 120 days after conveyance of legal or equitable title to non-Developer Owners of 25% of the Homesites, 1 of the 5 Directors shall be selected by non-Developer Owners. Not later than 120 days after conveyance of legal or equitable title to non-Developer Owners of 50% of the Homesites, the non-Developer Owners shall elect 3 of the 5 Directors. When the required number of conveyances has been reached, the Developer shall notify the non-Developer Owners and request that they hold a meeting and elect the required Director or Directors, as the case may be. Upon certification by the Owners to the Developer of the Director or Directors so elected, the Developer shall then immediately appoint such Director or Directors to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

C. Election of Directors At and After First Annual Meeting.

(1) Not later than 120 days after conveyance of legal or equitable title to non-Developer Owners of 75% of the Homesites, the non-Developer Owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least 1 Director as long as he owns at least one (1) of the Homesites in the Project. Whenever the required conveyance level is achieved, a meeting of Owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(2) Regardless of the percentage of Homesites which have been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a non-Developer Owner of a Homesite in the Project, the non-Developer Owners have the right to elect a number of members of the Board of Directors equal to the percentage of Homesites they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Homesites which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.

(3) If the calculation of the percentage of members of the Board of Directors that the non-Developer Owners have the right to elect under subsection (2), or if the product of the number of members of the Board of Directors multiplied by the percentage of Homesites held by the non-Developer Owners under subsection (B) results in a right of non-Developer 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 Owners have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate 1 Director as provided in subsection (1).

(4) At the First Annual Meeting, 2 Directors shall be elected for a term of 3 years, 2 directors shall be elected for a term of 2 years, and 1 Director shall be elected for a term of 1 year. At such meeting, all nominees shall stand for election as 1 slate and the 2 persons receiving the highest number of votes shall be elected for a term of 3 years, the two persons receiving the next highest number of votes shall be elected for a term of 2 years, and the person receiving the next highest number of votes shall be elected for a term of 1 year. At each annual meeting held thereafter, either 1 or 2 Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office of each Director shall be 3 years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(5) Once the non-Developer Owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article XII, Section 3 hereof.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Condominium 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 Owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws and/or the Master Deed, or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

A. To enforce the provisions of all Condominium Documents including the Restrictions contained in Article III of these Bylaws.

B. To manage and administer the affairs of and to maintain the Condominium Project, the Common Elements and the Common Improvements.

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

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

E. To rebuild Common Elements and Common Improvements after casualty.

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

G. To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Homesite 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.

H. To sign petitions for, and to act on behalf of, all Owners in all statutory proceedings regarding special assessment improvements.

I. 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 be approved by affirmative vote of two-thirds (2/3) of all of the members of the Association and two-thirds (2/3) of all First Mortgagees (a mortgagee shall have one vote for each mortgage held).

J. To make reasonable rules and regulations consistent with the Condominium Documents.

K. To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of enforcement and administration of the Project 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.

L. To commence, prosecute and defend actions and proceedings on behalf of the Association.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. By employing a management agent, however, the Board shall in no way be deemed to have relinquished or be released from any of its powers and responsibilities imposed by the Condominium Documents. In the event the Board employs a professional management agent for the Association, the Board shall secure the written approval of a majority of the First Mortgagees (a First Mortgagee shall have one (1) vote for each first mortgage held) in the Project prior to terminating such professional management agent (or any successor thereto) and assuming self-management. Any management contract between the Association and any affiliate of the Developer is voidable on the Transitional Control Date or within ninety (90) days thereafter, and on thirty (30) days notice at any time thereafter for cause. In addition, to the extent that any management contract extends beyond one year after the Transitional Control Date, any part of the term in excess of such one (1) year period may be voided by notice to the management agent at least thirty (30) days prior to the expiration of the one (1) year period.

Section 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 the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-Developer Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-Developer Owners and shall be filled in the manner specified in Section 2(B) of this Article.

Section 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 50% in number of all of the Owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the

normal 50% requirement set forth in Article XI, Section 4. Any Director whose removal has been proposed by the 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 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 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 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 such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, telephone or telegraph, at least 10 days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on 3 days' notice to each Director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 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 meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 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, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 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 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 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE XV OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. Any two offices except that of President and Vice President may be held by one person.

A. President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall

have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

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

C. 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; he or she shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all duties incident to the office of the Secretary.

D. Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she 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 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. 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 his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. 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 XVI FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and Common Improvements and any other expenses incurred by or on behalf of the Association and the Owners. Such accounts and all other Association records shall be open for inspection by the Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each 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 reviewed annually by qualified independent auditors. Any institutional holder of a first mortgage lien on any Homesite in the Condominium shall be entitled to receive a copy of such annual financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such review and any accounting expenses shall be expenses of administration.

Section 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 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Board of Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are currently designated by resolution of the Board of Directors. The funds may

be invested in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XVII INDEMNIFICATION

Section 1. Nonderivative Actions. Subject to all of the other provisions of this Article, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceedings, whether civil, criminal, administrative, or investigative, formal or informal (other than an action by or in the right of the Association), by reason of the fact that the person is or was a Director or officer of the Association, or, while serving as a Director or officer of the Association, is or was serving at the request of the Association as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic Association, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses (including actual and reasonable attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Derivative Actions. Subject to all of the provisions of this Article, the Association shall indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that the person is or was a Director or officer of the Association, or, while serving as a Director or officer of the Association, is or was serving at the request of the Association as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic Association, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses (including actual and reasonable attorney fees) and amounts paid in settlement actually and reasonably incurred by the person in connection with the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association. However, indemnification shall not be made for any claim, issue, or matter in which the person has been found liable to the Association unless and only to the extent that the court in which the action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the reasonable expenses incurred.

Section 3. Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against actual and reasonable expenses (including attorney fees) incurred by the person in connection with the action, suit, proceeding and any action, suit, or proceeding brought to enforce the mandatory indemnification provided by Sections 1 and 2 of this Article.

Section 4. Definition. For the purposes of Sections 1 and 2 of this Article, "other enterprises" shall include employee benefit plans; "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and "serving at the request of the Association" shall include any service as a Director, officer, employee, or agent of the Association that imposes duties on, or involves services by, the Director or officer with respect to an employee benefit plan, its participants, or its beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be considered to have acted in a manner "not opposed to the best interests of the Association" as referred to in Sections 1 and 2 of this Article.

Section 5. Contract Right; Limitation on Indemnity. The right to indemnification conferred in this Article shall be a contract right, and shall apply to services of a Director or officer as an employee or agent of the Association as well as in the person's capacity as a Director or officer. Except as provided in Section 3 of this Article, the Association shall have no obligation under Article XII to indemnify any person in connection with any proceeding, or part thereof, initiated by the person without authorization by the Board of Directors.

Section 6. Determination That Indemnification Is Proper. Any indemnification under Sections 1 or 2 of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case (a) when it is determined that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article, whichever is applicable, and (b) on an evaluation of the reasonableness of expenses and amounts paid in settlement. The determination and evaluation shall be made in any of the following ways:

1. By a majority vote of a quorum of the board consisting of Directors who are not parties or threatened to be made parties to the action, suit, or proceeding.

2. If the quorum described in 1. above is not obtainable, then by majority vote of a committee consisting solely of two or more Directors, duly designated by the board, who are not at the time parties or threatened to be made parties to the action, suit, or proceeding.

3. By independent legal counsel in a written opinion, which counsel shall be selected in one of the following ways: (a) by the board or its committee in the manner prescribed in 1. or 2. above; or (b) if a quorum of the board cannot be obtained under 1. above and a committee cannot be designated under 2. above, by the board.

Section 7. Proportionate Indemnity. If a person is entitled to indemnification under Sections 1 or 2 of this Article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the Association shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

Section 8. Expense Advance. The Association may pay or reimburse the reasonable expenses incurred by a person referred to in Sections 1 or 2 of this Article who is a party or threatened to be made a party to an action, suit, or proceeding in advance of final disposition of the proceeding if all of the following apply:

(a) the person furnishes the Association a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article;

(b) the person furnishes the Association a written undertaking executed personally, or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct; and

(c) a determination is made that the facts then known to those making the determination would not preclude indemnification under Sections 1 or 2 of this Article. The authorization of payment must be made in the manner specified in Section 6 of this Article. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but it need not be secured.

Section 9. Non-Exclusivity of Rights. The indemnification or advancement of expenses provided under this article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the Association. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

Section 10. Indemnification of Employees and Agents of the Association. The Association may, to the extent authorized from time to time by the Board of Directors, grant the right to indemnification and to the advancement of expenses to any employee or agent of the Association to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Association.

Section 11. Former Directors and Officers. The indemnification provided in this Article continues for a person who has ceased to be a Director or officer and shall inure to the benefit of the heirs, executors, and administrators of the person.

Section 12. Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, trustee, employee, or agent of another Association, partnership, joint venture, trust, or other enterprise against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have power to indemnify the person against the liability under these bylaws or the laws of the state of Michigan.

Section 13. Changes in Michigan Law. If there is any change of the Michigan statutory provisions applicable to the Association relating to the subject matter of Article XII, then the indemnification to which any person shall be entitled under this article shall be determined by the changed provisions, but only to the extent that the change permits the Association to provide broader indemnification rights than the provisions permitted the Association to provide before the change. Subject to Section 14 of this Article, the Board of Directors is authorized to amend these bylaws to conform to any such changed statutory provisions.

Section 14. Amendment or Repeal of Indemnification Article. No amendment or repeal of this Article shall apply to or have any effect on any Director or officer of the Association for or with respect to any acts or omissions of the Director or officer occurring before the amendment or repeal.

ARTICLE XVIII AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by 1/3 or more in number of the Owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be called in accordance with the provisions of these Bylaws.

Section 3. Voting. These Bylaws may be amended by the Owners at any regular annual meeting or a special-meeting called for such purpose by an affirmative vote of not less than two-thirds of all Owners in number and in value. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of two-thirds of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held.

Section 4. By Developer. Prior to the end of the Sales and Development Period, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially diminish the right of an Owner or mortgagee.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Lapeer County Register of Deeds.

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XIX COMPLIANCE

The Association and all present or future Owners, tenants, future tenants, or any other persons acquiring an interest in or using 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 Homesite 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 XX 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. Whenever any reference is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate.

ARTICLE XXI REMEDIES FOR DEFAULT

Any default by an Owner shall entitle the Association or another Owner or Owners to the following relief:

Section 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 Owner or Owners.

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Owner committing the default be entitled to recover such attorney's fees.

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Developer (during the Sales and Development Period) and the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon a Homesite (but not inside any residence) where reasonably necessary and summarily remove and abate, at the expense of the Owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Developer and Association shall have no liability to any Owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any 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 in accordance with the provisions of the following Article thereof.

Section 5. Non-waiver of Right. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

Section 6. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 7. Enforcement of Provisions of Condominium Documents. The Developer or an Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. An Owner may maintain an action against any other Owner for injunctive relief and/or damages for noncompliance with the terms and provisions of the Condominium Documents or the Act.

ARTICLE XXII ASSESSMENT OF FINES

Section 1. General. The violation by any Owner, occupant or guest of any provisions of the Condominium Documents, including any duly adopted Rules and Regulations, shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the involved Owner. Such Owner shall be deemed responsible for such violations whether they occur as a result of his personal actions or the actions of his family, guests, tenants or any other person admitted through such Owner to the Condominium Premises.

Section 2. Procedures. Upon any such violation being alleged by the Board, the following procedures will be followed:

A. Notice. Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Owner at the address as shown in the notice required to be filed with the Association designating the individual representative to receive notices.

B. Opportunity to Defend. The offending Owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting but in no event shall the Owner be required to appear less than 10 days from the date of the Notice.

C. Default. Failure to respond to the Notice of Violation constitutes a default.

D. Hearing and Decision. Upon appearance by the Owner before the Board and presentation of evidence of defense, or, in the event of the Owner's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

Section 3. Amounts. Upon violation of any of the provisions of the Condominium Documents and after default of the offending Owner or upon the decision of the Board as recited above, the following fines shall be levied:

A. First Violation. No fine shall be levied.

B. Second Violation. Twenty-Five Dollars (\$25.00) fine.

C. Third Violation. Fifty Dollars (\$50.00) fine.

D. Fourth and Subsequent Violations. One Hundred Dollars (\$100.00) fine.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Owner and shall be due and payable on the first of the next following month. Failure to pay the fine will subject the Owner to all liabilities set forth in the Condominium Documents including, without limitation, those described in the preceding Article thereof.

ARTICLE XXIII
ASSIGNMENT OF RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Sales and Development Period. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of architectural review rights set forth in Article II hereof or any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XXIV
SEVERABILITY

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