

EXHIBIT A

BYLAWS

ARBOR HILLS

(A SINGLE FAMILY SITE CONDOMINIUM)

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## ARTICLE 1

### ASSOCIATION OF CO-OWNERS

Arbor Hills, a single family residential Condominium Project located in the City of Ann Arbor, Washtenaw County, Michigan, shall be administered by Arbor Hills Condominium Association, an organization of Co-owners which is a non-profit corporation, hereinafter called the "Association," organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Michigan Condominium Act, as amended, (the "Act") and the Bylaws of the Association provided for under the Michigan Non-profit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to the Co-owner's Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

## ARTICLE 2

### ASSESSMENTS

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

Section 2.1 Assessments for Common Elements. All costs incurred by the Association in satisfaction of any maintenance costs or liability arising within, caused by, or connected with the Common Elements and easements, including the private roads, conservation easement areas, storm sewer system and storm detention areas, including those in public parks, or the improvements constructed or to be constructed within the perimeters of the Condominium Units for which the Association has maintenance responsibility, or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

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

2.2.1 Budget and General Assessments. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly, annual, or other periodic assessment payments as determined by the Board of Directors, rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular Project, the Association should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the periodic assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future periodic assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors, that the periodic assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, to provide replacements of existing Common Elements, to provide additions to the Common Elements not exceeding Eight Thousand Dollars (\$8,000.00) or that an event of emergency exists, the Board of Directors shall have the authority to increase the general periodic assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article 5, Section 5.4 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

2.2.2 Special Assessments. Special assessments, in addition to those required in subparagraph 2.2.1 above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements or costs exceeding Eight Thousand Dollars (\$8,000.00) for the entire Condominium Project per year, including fulfillment of the obligation in the master deed to build a stub street connector from Kilburn Park Circle, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 2.5 hereof, (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph 2.2.2 (but not including those assessments referred to in subparagraph 2.2.1 above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all Co-owners. The authority to levy assessments pursuant to this

subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

2.2.3 Future Assessment District. If the City of Ann Arbor in the future undertakes a special assessment to improve Green Road, such as street widening, storm sewers, curb and gutter, sidewalks, bike paths, street lights, or the planting of trees along the Green Road frontage, or if other assessment districts are set up for public improvements benefitting the Project, either on or off the Project premises, each owner of a Condominium Unit or other portion of the premises shall be assessed its pro rata share of the cost of the improvements that are assessed against the entire Arbor Hills Condominium land area.

Section 2.3 Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article 5 of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with subsection 2.2.1 above shall be payable by Co-owners in twelve (12) equal monthly installments, unless otherwise determined by the Board of Directors, commencing with acceptance of a deed to a Unit or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment.

Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) per annum until each installment is paid in full. The Association may, pursuant to Article 20, Section 20.4 hereof, levy fines for the late payment in addition to such interest. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to such Co-owner's Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including from Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

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

#### Section 2.5 Enforcement

2.5.1 Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money



judgment or by foreclosure of the statutory lien and the lien created by the Condominium Documents that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against such Co-owner's Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven (7) days' written notice to such Co-owner of the Association's intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from such Co-owner's Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under such Co-owner. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

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

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

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

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

Section 2.7 Developer's Responsibility for Assessments. Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the monthly Association assessments. Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, including the dwelling and other 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 Units in the Project and of the dwellings and other improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to Units owned by it on which a completed residential dwelling is located. A "completed residential dwelling" shall mean a dwelling with respect to which a certificate of occupancy has been issued.

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

Section 2.9 Personal Property Tax and Special Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 2.10 Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 2.11 Statements as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall

provide a written statement of such unpaid assessments as may exist or a statement that none exists, 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 Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments and the lien securing same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

### ARTICLE 3

#### ARBITRATION

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

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

Section 3.3 Election of Remedies. Such election and written consent by Co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

### ARTICLE 4

#### INSURANCE

Section 4.1 Extent of Coverage. The Association shall, to the extent appropriate given the nature of the Common Elements of the Project, carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workers compensation insurance, if applicable, pertinent to the

ownership, use and maintenance of the General Common Elements of the Condominium Project and such insurance shall be carried and administered in accordance with the following provisions:

4.1.1 Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association, and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners.

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

4.1.3 Liability Insurance. The Association shall carry liability insurance on the General Common Elements and the assets of the Association, and, to the extent reasonably available, shall carry officer's and director's liability insurance insuring its officers and directors.

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

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

4.1.6 Fire Insurance. Because any improvements located in or on the Condominium are contained within the individual Co-owner's Units, the Association will not be required to carry fire insurance regarding said improvements.

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

execute releases of liability and to execute all documents and to do all things on behalf of such Co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

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

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

## ARTICLE 5

### RECONSTRUCTION OR REPAIR

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

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

5.1.2 Unit or Improvements Thereon. If the damaged property is a Unit or any improvements thereon, the Co-owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of a mortgagee or other person or entity having an interest in such property, and such Co-owner shall be responsible for any reconstruction or repair that such Co-owner elects to make. The Co-owner shall in any event remove all debris and

restore the Unit and the improvements thereon to a clean and sightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage.

Section 5.2 Repair in Accordance with Master Deed. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications on file with the City of Ann Arbor unless the Co-owners shall unanimously decide otherwise.

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

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

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

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

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

then such award shall be paid by the condemning authority to the Co-owner and the Co-owner's mortgagee, as their interest may appear.

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

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

5.6.4 Notification of Mortgagees. In the event any Unit (or improvements located within the perimeter thereof) in the Condominium, or any portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of first mortgagee lien on any of the Units in the Condominium.

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

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

ARTICLE 6  
RESTRICTIONS

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

Section 6.1 Use. No Unit in the Condominium shall be used for other than single family Residential Purposes, and the Common Elements shall be used only for purposes consistent with the use of single family residences.

Use of Units shall also be restricted in the following manner:

6.1.1 Building Size and Height. No building or structure shall exceed two and one-half (2½) stories in height and all buildings or structures shall be constructed within the perimeter of a Unit. All buildings and structures shall be in conformity with the following minimum size standards as to living area measured by the external walls:

6.1.1.1 One Story/Ranch: One Thousand (1,000) square feet.

6.1.1.2 Two Story: One Thousand Two Hundred (1,200) square feet (600 square feet per floor).

6.1.1.3 Story and a Half: Six Hundred (600) square feet on the first floor.

6.1.1.4 Bi-Level Dwelling: One Thousand (1,000) square feet on the upper level and Three Hundred (300) square feet on the lower level.

Garages, porches and breezeways shall not be included in computing minimum size requirements. No part of a single story or ranch structure that is below ground level shall be included in computing minimum size requirements. No part of any other structure that is more than one-half (½) below ground level shall be included in computing minimum size requirements.

6.1.2 Garages. All single family dwellings shall have attached garages. No carports, detached garage or other out-building shall be erected, placed or permitted to remain on any Unit.

6.1.3 Temporary Structures. No temporary or unfinished structure shall be occupied as a residence at any time prior to its completion.

6.1.4 Fences. No fences are permitted, unless decorative or ornamental fences. No chain link fences are permitted. No fences may be installed between the rear line of the dwelling and the street. Fences may only start at the rear of the dwelling and be placed in the rear yard.

6.1.5 Antenna. No radio, television or other antenna or aerial shall be permitted on any Unit other than the type commonly used for domestic residential purposes. Any antenna or aerial



shall be installed on the main residence and not on a separate pole or tower. Dish-type antenna shall not be permitted nor shall any antenna or aerial exceeding eight (8) feet in height above the roof ridge line on any dwelling.

6.1.6 Chemicals and Fertilizers. Use of lawn care chemicals and fertilizers shall be restricted to minimize negative impacts on the wetlands in and adjoining the condominiums, pursuant to rules and regulations to be adopted by the Board of Directors, and required by the City of Ann Arbor.

Section 6.2 Leasing and Rental. A Co-owner may lease the Co-owner's Unit and improvements thereon for the same purposes set forth in Section 6.1 of this Article 6. 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. Each Co-owner is responsible for insuring that the Co-owner's tenants comply with all requirements of the Condominium documents including the restrictions set forth in this Article.

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

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

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

.1 The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.

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

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

6.2.2 When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and 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 6.3 Architectural Control. In order to insure the development of the Condominium into a desirable residential district and to control the landscaping, improvements and structures therein, it is agreed that no residence shall be constructed on any Unit until the building plans, specifications and plot plan showing the location and placement of the residence on the Unit have been approved in writing by Developer. If within thirty (30) days Developer fails to approve or disapprove any documents or matters submitted to it, approval will not be required and this covenant will be deemed to have been fully complied with. Review by Developer shall include review of architectural design, placement on the lot and exterior materials, to be consistent with the other improvements in the Condominium, and in compliance with Article Six of these Bylaws. If plans are disapproved by Developer, then said proposed residence shall not be erected. This Section shall not require Developer's approval of any alteration, expansion or improvement to an existing residence in the future, after the original approved residence is construed.

Section 6.4 Changes in Common Elements. No Co-owner shall make changes in any of the Common Elements, Limited or General, without the express written approval of the Board of Directors.

Section 6.5 Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, Limited or General, nor shall anything be done which may be or become an annoyance or a nuisance to any Co-owners in the Condominium.

Section 6.6 Pets. Subject to the provisions of these Bylaws, Co-owners may keep domestic pets, but no other animals may be kept.

Section 6.7 Aesthetics. All Units are to be kept properly maintained, trimmed and free of debris. No debris, garbage or trimmings shall be burned at any time or place within the Condominium. Every Owner shall promptly dispose of all refuse and garbage so that it will not be objectionable to the neighboring Owner. No outside storage for refuse or garbage or outside incinerator shall be maintained or used. All homes shall have garbage disposals.

Section 6.8 Vehicles. Except as otherwise herein provided, no vehicles, including boats, trucks, or recreational vehicles shall be parked or stored outside a garage or stored or parked overnight in any driveway or on any street except private passenger automobiles. No recreational vehicles, including boats, campers and camper shells shall be stored permanently or temporarily outdoors. No vehicles shall be parked in any area other than garages, driveways or streets. A trailer, truck, or recreational vehicle being used by the family resident in such dwelling may be stored in the garage but not parked permanently or temporarily outdoors.

Section 6.9 Advertising. No signs or other advertising devices of any kind, other than signs of no more than five (5) square feet for purposes of advertising the property for sale or for purposes required by law to be permitted, and other than signs used by Developer or a builder during the Construction and Sale Period, shall be displayed which are visible from the exterior of a Unit or on the Common Elements, without written permission from the Association and, during the Construction and Sales Period, from Developer.

Section 6.10 Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners.

Section 6.11 Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit thereon from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit thereon at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to any Unit or to the improvements thereon. In the event of an emergency, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to such Co-owner's Unit.

Section 6.12 Landscaping. In order to protect against street corner traffic hazards, no trees, fences, bushes, or other obstruction whatsoever over thirty (30) inches in height above the sidewalk grade shall be placed within twenty-five (25) feet of the intersecting property lines at the corner of any corner Unit, where streets come together.

Section 6.13 General Common Element Maintenance. Roads shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. All General Common Elements including the roads, woodlands, wetlands, green common areas, sewer access areas and parks (until dedicated to the City of Ann Arbor) shall be maintained by the Association, including snow removal of the roads, including twice yearly street cleaning, and the maintenance of the street lights unless assumed by Detroit Edison.

Section 6.14 Co-owner Maintenance. Each Co-owner shall maintain such Co-owner's Unit and the improvements thereon, including the dwelling, inside and out, the driveway, including snow removal, and the yard, the sidewalk, if any, and all Limited Common Elements appurtenant thereto, in a safe, clean and sanitary condition, and shall keep the yard mowed, maintained and landscaped. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent or intentional damage to or misuse of any of the Common Elements by such Co-owner, or the Co-owner's family, guests, agents or invitees, unless such damages or costs are

covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the association may be assessed to and collected from the responsible Co-owner in the manner provided in Article 2 hereof.

Section 6.15 Construction Time. The construction time on any house shall not exceed one year. All buildings must be constructed by licensed builders. All unused building materials and temporary construction shall be removed from the Condominium within sixty (60) days after substantial completion of the structure. The portion of the surface of the earth which is disturbed by excavation and other construction work shall be finish-graded and seeded or covered with other landscaping as soon as the construction work and weather permit.

Section 6.16 Reserved Rights of Developer

6.16.1 Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article 6 shall apply to the commercial activities or signs or billboards, if any, of Developer during the construction and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Developer shall have the right throughout the entire Construction and Sales Period to maintain a sales office, a business office, a construction office, model units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by Developer. Developer shall restore the areas so utilized to habitable status upon termination of use.

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

## ARTICLE 7

## RESTRICTIONS PURSUANT TO CITY OF ANN ARBOR AGREEMENT

Pursuant to an agreement with the City of Ann Arbor entitled Site Development Agreement recorded in the Office of the Register of Deeds for Washtenaw County, in liber \_\_\_\_, page \_\_\_\_, certain obligations have been imposed on the owners of Units as set forth in said agreement, and in Article 8 of the Master Deed. Reference is made to said documents, which such restrictions are incorporated herein by reference.

## ARTICLE 8

MORTGAGES

Section 8.1 Notice to Association. Any Co-owner who mortgages such Co-owner's Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within sixty (60) days.

Section 8.2 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, to the extent the Association is required by these Bylaws to obtain such coverage.

Section 8.3 Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

## ARTICLE 9

VOTING

Section 9.1 Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

Section 9.2 Eligibility to Vote. No Co-owner, other than Developer, shall be entitled to vote at any meeting of the Association until such Co-owner has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article 12, Section 12.2 of these Bylaws, no Co-owner, other than Developer, shall be entitled to vote prior to the date of the First Annual

Meeting held in accordance with Section 12.2 of Article 12. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 9.3 of this Article 9 or by a proxy given by such individual representative. Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting and shall be entitled to vote during such period notwithstanding the fact that Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting Developer shall be entitled to one vote for each Unit which it owns.

Section 9.3 Designation of Voting Representative. Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

Section 9.4 Quorum. The presence in person or by proxy of thirty-five percent (35%) of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to 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 9.5 Voting. Votes may be cast only in person, 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 9.6 Majority. A majority, except where otherwise provided herein, shall consist of more than fifty percent (50%) of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association where a quorum is present. Whenever provided specifically in the Condominium Documents, a majority may be required to exceed the simple majority hereinabove set forth of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

## ARTICLE 10

### MEETINGS

Section 10.1 Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of

parliamentary procedure as selected by the Board of Directors, when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 10.2 First Annual Meeting. The First Annual Meeting may be convened only by Developer and may be called at any time after more than fifty percent (50%) of the Units in the Condominium have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of seventy-five percent (75%) in number of all Units that may be created or fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting and no such meeting shall be construed as the First Meeting. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-owner. The phrase "Units that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Units which Developer is permitted, under the Condominium Documents as they may be amended, to include in the Condominium.

Section 10.3 Annual Meetings. Annual meetings of the Association shall be held on the last Thursday of October each succeeding year after the year in which the First Annual Meeting is held at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article 12 of these Bylaws. The Co-owners may also transact at the annual meetings such other business of the Association as may properly come before them.

Section 10.4 Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the Co-owners presented to the Secretary of the association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 10.5 Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Co-owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article 9, Section 9.3 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 10.6 Adjournment. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 10.7 Order of Business. The order of business at all meetings of the members shall be as follows: (1) roll call to determine the voting power represented at the meeting; (2) proof of notice of meeting or waiver of notice; (3) reading of minutes of preceding meeting; (4) reports of officers; (5) reports of committees; (6) appointment of inspector of elections (at annual meetings or special meetings held for purpose of election of Directors or officers); (7) election of Directors (at annual meeting or special meetings held for such purpose); (8) unfinished business; and (9) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 10.8 Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members, which ballots are signed within no more than a sixty (60) day period, as determined by the Board of Directors. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (1) the number of responses needed to meet the quorum requirements; (2) the percentage of approvals necessary to approve the action; and (3) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt within the time period specified in the solicitation of (1) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (2) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 10.9 Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10.10 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. Recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

## ARTICLE 11

### ADVISORY COMMITTEE

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



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

## ARTICLE 12

### BOARD OF DIRECTORS

Section 12.1 Number and Qualification of Directors. The Board of Directors shall be comprised of three (3) members (five (5) members after the first annual meeting), all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association. Directors shall serve without compensation.

#### Section 12.2 Election of Directors

12.2.1 First Board of Directors. The first Board of Directors shall be composed of three (3) persons and such first Board of Directors or its successors as selected by Developer shall manage the affairs of the Association until the appointment of the first non-developer Co-owners to the Board. Elections for non-developer Co-owner Directors shall be held as provided in subsections 12.2.2 and 12.2.3 below.

12.2.2 Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of twenty-five percent (25%) of the Units that may be created, one (1) of the three (3) Directors shall be selected by non-developer Co-owners. When the required percentage level of conveyance has been reached, Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required Director. Upon certification to Developer by the Co-owners of the Director so elected, Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting unless such Director is removed pursuant to Section 12.7 of this Article or such Director resigns or becomes incapacitated.

#### 12.2.3 Election of Directors at and After First Annual Meeting

12.2.3.1 Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy-five percent (75%) of the Units

that may be created, and before conveyance of ninety percent (90%) of such Units, the non-developer Co-owners shall elect all Directors on the Board except that Developer shall have the right to designate at least one (1) Director as long as the Units that remain to be created and sold equal at least ten percent (10%) of all Units that may be created in the Project. Whenever the seventy-five percent (75%) conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

12.2.3.2 Regardless of the percentage of Units which have been conveyed, upon the expiration of fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, the non-developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by Developer and for which all assessments are payable by Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection 12.2.3.1. Application of this subsection does not require a change in the size of the Board of Directors.

12.2.3.3 If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsection 12.2.3.2, or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection 12.2.2 results in a right of non-developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of Developer to designate one (1) member as provided in subsection 12.2.3.1.

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

12.2.3.5 Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect Directors and

conduct other business shall be held in accordance with the provisions of Article 10, Section 10.3 hereof.

Section 12.3 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Co-owners.

Section 12.4 Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

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

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

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

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

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

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

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

12.4.8 To make rules and regulations in accordance with Article 6, Section 6.10 of these Bylaws.

12.4.9 To establish such committees as the Board of Directors deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

## 12.4.10 To enforce the provisions of the Condominium Documents.

Section 12.5 Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 12.3 and 12.4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by Developer, sponsor or builder, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon ninety (90) days' written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act.

Section 12.6 Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that Developer shall be solely entitled to fill the vacancy of any Director whom 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 Association. Vacancies among non-developer Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 12.2.2 of this Article.

Section 12.7 Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) of all the Co-owners, not just of those present, and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal thirty-five percent (35%) requirement set forth in Article 9, Section 9.4. Any Director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 12.8 First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present.

Section 12.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of

Directors shall be given to each Director, personally, by mail, telephone or telegraph at least ten (10) days prior to the date named for such meeting.

Section 12.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally, by mail, telephone or 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 (2) Directors.

Section 12.11 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be deemed a waiver of notice by the Director of the time and place thereof. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 12.12 Adjournment. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon twenty-four (24) hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for purposes of determining a quorum.

Section 12.13 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 12.14 Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds, insuring against theft, dishonesty, and other standard coverage of fidelity bonds. The premiums on such bonds shall be expenses of administration.

## ARTICLE 13

### OFFICERS

Section 13.1 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. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment

may be necessary. Any two (2) offices except that of President and Vice President may be held by one person.

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

13.1.2 Vice President. The Vice President shall take the place of the President and perform the President's 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 perform these duties on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon the Vice President by the Board of Directors.

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

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

Section 13.2 Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 13.3 Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and such officer's successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 13.4 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 14

SEAL

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

ARTICLE 15

FINANCE

Section 15.1 Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within ninety (90) days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 15.2 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 15.3 Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE 16

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon such Director or

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

## ARTICLE 17

### AMENDMENTS

Section 17.1 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 one-third (1/3) or more of the Co-owners by instrument in writing signed by them.

Section 17.2 Meeting. Upon any such amendment being proposed, a meeting for consideration of the same by Co-owners shall be duly called in accordance with the provisions of these Bylaws.

Section 17.3 Voting. These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than two-thirds (2/3) of all Co-owners. 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 (2/3) of first mortgagees shall be required with each mortgagee to have one vote for each mortgage held.

Section 17.4 By Developer. Pursuant to Section 90(1) of the Act, Developer hereby reserves the right, on behalf of itself and on behalf of the Association, to amend these Bylaws without approval of any Co-owner or mortgagee unless the amendment would materially alter or change the rights of a Co-owner or mortgagee, in which event Co-owner or mortgagee consent shall be required as provided in Section 17.3 above.

Section 17.5 When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Washtenaw County Register of Deeds.

Section 17.6 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 18

COMPLIANCE

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

ARTICLE 19

DEFINITIONS

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

ARTICLE 20

REMEDIES FOR DEFAULT

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

Section 20.1 Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

Section 20.2 Recovery of Costs. In any proceeding arising because of an alleged default by any Co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-owner be entitled to recover such attorneys fees.

Section 20.3 Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into

any Unit and the improvements thereon, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 20.4 Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless rules and regulations establishing such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-owners in the same manner as prescribed in Article 10, Section 10.5 of these Bylaws. Thereafter, fines may be assessed only upon notice to the offending Co-owners as prescribed in said Article 10, Section 10.5, and an opportunity for such Co-owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article 2 of these Bylaws. No fine shall be levied for the first violation. No fine shall exceed Twenty-Five Dollars (\$25.00) for the second violation, Fifty Dollars (\$50.00) for the third violation or One Hundred Dollars (\$100.00) for any subsequent violation.

Section 20.5 Non-Waiver of Right. The failure of the association or of any Co-owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-owner to enforce such right, provision, covenant or condition in the future.

Section 20.6 Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any 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 20.7 Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

## ARTICLE 21

### RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to 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

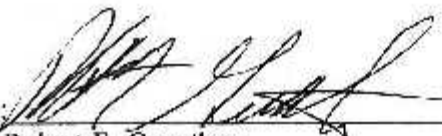
transferee shall join for the purpose of evidencing its consent to the acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to Developer. Any rights and powers reserved or retained by Developer or its successors shall expire and terminate, if not sooner assigned to the Association, at the conclusion of the Construction and Sales Period as defined in Article 3 of the Master Deed. The immediately preceding sentence dealing with the expiration and termination of certain rights and powers granted or reserved to Developer is intended to apply, insofar as Developer is concerned, only to Developer's rights to improve and control the administration of the Condominium and shall not under any circumstances be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to 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 be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE 22

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 Condominium Documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

GUENTHER BUILDING CO.

By:   
Robert F. Guenther  
Its President

Dated: Feb 23, 1995