

SADDLE CREEK

EXHIBIT A

BYLAWS

ARTICLE I ASSOCIATION OF CO-OWNERS

Saddle Creek, a residential condominium located in the Charter Township of Lyon, Oakland County, Michigan, shall be administered by an Association of Co-owners which shall be a nonprofit corporation, herein referred to as the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium in accordance with the Condominium Documents and the laws of the State of Michigan. These By-Laws shall constitute both the By-Laws referred to in the Master Deed and required by Section 3(8) of the Act and the By-Laws provided for under the Michigan Nonprofit 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 available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium. The Association, all Co-owners in the Condominium 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 Condominium Documents. All terms used herein shall have the same meaning as set forth in the Master Deed to which these By-Laws are attached as an Exhibit or as set forth in the Act.

ARTICLE II ASSESSMENTS

The Association's levying of assessments against the Units and collection of such assessments from the Co-owners in order to pay the expenses arising from the management, administration and operation of the Association shall be governed by the following provisions:

Section 1 Taxes Assessed on Personal Property Owned or Possessed in Common
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 Receipts and Expenditures Affecting Administration
Expenditures affecting the administration of the Condominium shall include all costs incurred in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Condominium. Receipts affecting administration of the Condominium shall include all sums received by the Association as proceeds of, or pursuant to, a policy of insurance securing

the interests of the Co-owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of the Condominium.

Section 3 Determination of Assessments Assessments shall be determined in accordance with the following provisions

(a) **The Annual Budget and Regular Periodic 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, including a reasonable allowance for contingencies and reserves. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 5 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten per cent (10%) of the Association's current annual budget (excluding that portion of the budget allocated to the reserve fund itself) on a non-cumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate, the Association should carefully analyze the Condominium 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. The Board of Directors shall annually consider the needs of the Condominium to determine if a greater amount should be set aside in reserve or if additional reserve funds should be established for any other purposes. The regular Association assessments provided in this Article II, Section 3(a) shall be levied in the sole discretion of the Board of Directors.

(b) **Special Assessments** Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other appropriate requirements of the Association. Special assessments referred to in this subparagraph (b) shall be levied only with the prior approval of a majority of Co-owners in number and in value. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof. Notwithstanding the foregoing, a special assessment for road improvements may be levied with the prior approval of 51% of all Co-owners in number and in value. All special assessments levied by any public taxing authority for any lawful purpose, including the maintenance and repair of public roads or streets, shall be assessed in accordance with Section 131 of the Act. Section 131 shall also govern the imposition and collection of such special assessments as may be levied by the Township in connection with the establishment of one or more special assessment districts ("SAD's") for the extension of public water and sanitary sewer service to the Condominium and the Units therein pursuant to the Planned Development Agreement described in Article VII, paragraph (i) of the Master Deed.

Section 4 Apportionment of Assessments Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of management, administration and operation of the Condominium shall be apportioned among and paid by the Co-owners in accordance with the Percentage of Value assigned to each Unit in Article VI of the Master Deed

Section 5 Payment of Assessments and Penalty for Default. Annual assessments as determined in accordance with Article II, Section 3(a) above shall be payable by Co-owners in twelve equal monthly installments, commencing with acceptance of a deed to 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, provided that the Board of Directors of the Association shall have the right to reduce the number of periodic installments used to collect the annual assessments to quarterly, semi-annual or annual installments. 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 highest rate permitted by law until each installment is paid in full. The Board of Directors may also adopt uniform late charges pursuant to Section 10 of Article VI of these By-Laws. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including interest, late charges and costs of collection and enforcement of payment) levied against the Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including the 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, if applicable, 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 and other charges for late payment on such installments, and third, to installments in default in order of their due dates. A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve, account or other asset of the Association.

Section 6 Effect of Waiver of Use or Abandonment of Unit. A Co-owner's waiver of the use or enjoyment of any of the Common Elements or abandonment of the Co-owner's Unit shall not exempt the Co-owner from liability for the Co-owner's contribution toward the expenses of administration.

Section 7 Enforcement

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against the 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. A Co-owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to and

empowered to take possession of the Unit (if the Unit is not occupied by the Co-owner) and to lease the Unit and collect and apply the rental therefrom. All of these remedies shall be cumulative and not alternative

(b) Foreclosure Proceedings Each Co-owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the statutory lien that secures 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 Condominium shall be deemed to have authorized and empowered the Association to sell or cause to be sold the Unit with respect to which the assessment(s) is or are delinquent to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by Michigan law. The Association, acting on behalf of all Co-owners, may bid at the foreclosure sale, and acquire, hold, lease, mortgage, or convey the Unit sold

(c) Notice of Action The Association may not commence proceedings to foreclose a lien for unpaid assessments without recording and serving a notice of lien in the following manner

(i) The notice of lien shall set forth the legal description of the Condominium Unit or Units to which the lien attaches, the name of the Co-owner of record thereof, the amount due the Association as of the date of the notice, exclusive of interest, costs, attorneys fees and future assessments.

(ii) The notice of lien shall be in recordable form, executed by an authorized representative of the Association, and may contain such other information as the Association deems appropriate

(iii) The notice of lien shall be recorded in the office of the register of deeds in the county in which the Condominium is situated and shall be served upon the delinquent Co-owner by first class mail, postage prepaid, addressed to the last known address of the Co-owner at least ten (10) days in advance of the commencement of the foreclosure proceedings

(d) 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, plus any late charges, shall be chargeable to the Co-owner in default and shall be secured by the lien on the Unit

Section 8 Liability of Mortgagee Notwithstanding any other provisions of the Condominium Documents, if the mortgagee of a first mortgage of record or other purchaser of a Condominium Unit obtains title to the Condominium Unit as a result of foreclosure of the first

mortgage, such person and that person's successors and assigns are not liable for the assessments by the Association chargeable to the Unit which became due prior to the acquisition of title to the Unit by such person and the expiration of the period of redemption from such foreclosure

Section 9 Responsibility of Developer and Designated Residential Builders for Assessments Notwithstanding any other provisions of the Condominium Documents to the contrary, both the Developer and such Residential Builders as may be designated by the Developer shall be exempt from liability for assessments otherwise payable to the Association pursuant to this Article II, except that in the event that the Association experiences a shortfall between the expenses of operating the Condominium and the regular assessments imposed pursuant to Section 3(a) above, the Developer and the designated Residential Builders shall each bear liability for a percentage of the shortfall determined by dividing the number of Units then owned by the Developer or designated Residential Builder by the total number of Units then established within the Condominium (For purposes of this provision, a Unit shall be unoccupied unless it is the site of a completed and occupied Residence) The Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or from a Residential Builder or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs.

Section 10 Unpaid Assessments Due on Unit Sale, Statement of Unpaid Assessments Upon the sale or conveyance of a Condominium Unit, all unpaid assessments against the Condominium Unit and all "Related Costs" as defined below shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan or any subdivision thereof for taxes or special assessments due and unpaid on the Unit and (b) payments due under first mortgages having priority thereto 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 exist, which statement shall be binding upon the Association for the period stated therein The written statement from the Association shall also disclose the amounts of any interest, late charges, fines, costs and/or attorneys' fees due and owing with respect to the Unit (the "Related Costs") Upon the payment of the sums set forth in the Association's written statement within the period stated, the Association's lien for assessments and Related Costs as to such Unit shall be deemed satisfied, provided, however, 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 Related Costs and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act Under the Act, unpaid assessments and Related Costs constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record

Section 11 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 12 Construction Liens A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act

ARTICLE III JUDICIAL ACTIONS AND CLAIMS

Actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions in these By-Laws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action (other than one to enforce these By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners, and shall be governed by the requirements of this Article III. The requirements of this Article III will ensure that the Co-owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each Co-owner shall have standing to sue to enforce the requirements of this Article III. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these By-Laws or to collect delinquent assessments

Section 1 Board of Directors' Recommendation to Co-owners The Association's Board of Directors shall be responsible in the first instance for recommending to the Co-owners that a civil action be filed, and supervising and directing any civil actions that are filed

Section 2. Litigation Evaluation Meeting Before an attorney is engaged for purposes of filing a civil action on behalf of the Association, the Board of Directors shall call a special meeting of the Co-owners ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The written notice to the Co-owners of the date, time and place of the litigation evaluation meeting shall be sent to all Co-owners not less than twenty (20) days before the date of the meeting and shall include the following information copied onto 8-1/2" x 11" paper

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

(1) it is in the best interests of the Association to file a lawsuit,

(2) that at least one member of the Board of Directors has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the Association, without success,

(3) litigation is the only prudent, feasible and reasonable alternative, and

(4) the Board of Directors' proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative

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

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

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

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

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

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

(f) The amount to be specially assessed against each Unit in the Condominium to fund the estimated cost of the civil action both in total and on a monthly per Unit basis, as required by Section 6 of this Article III

Section 3 Independent Expert Opinion If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board of Directors shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the independent expert opinion required by the preceding sentence, the Board of Directors shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the litigation attorney or any other attorney with whom the Board of Directors consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the Co-owners have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all Co-owners with the written notice of the litigation evaluation meeting

Section 4 Fee Agreement with Litigation Attorney The Association shall have a written fee agreement with the litigation attorney, and any other attorney retained to handle the

proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the Co-owners in the text of the Association's written notice to the Co-owners of the litigation evaluation meeting.

Section 5 Co-Owner Vote Required At the litigation evaluation meeting the Co-owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney. The commencement of any civil action by the Association (other than a suit to enforce these By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting. Notwithstanding any other provision of the Condominium Documents, no litigation shall be initiated by the Association against the Developer until such litigation has been approved by an affirmative vote of seventy-five (75%) percent of all members of the Association in number and value attained after a litigation evaluation meeting held specifically for the purpose of approving such action.

Section 6 Litigation Special Assessment. All legal fees incurred in pursuit of any civil action that is subject to Section 1 through 10 of this Article III shall be paid by special assessment of the Co-owners ("litigation special assessment"). The litigation special assessment shall be approved at the litigation evaluation meeting (or at any subsequent duly called and noticed meeting) by a majority in number and in value of all Co-owners in the amount of the estimated total cost of the civil action. If the litigation attorney proposed by the Board of Directors is not retained, the litigation special assessment shall be in an amount equal to the estimated total cost of the civil action, as estimated by the attorney actually retained by the Association. The litigation special assessment shall be apportioned to the Co-owners in accordance with their respective percentage of value interests in the Condominium and shall be collected from the Co-owners on a monthly basis. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

Section 7. Attorney's Written Report During the course of any civil action authorized by the Co-owners pursuant to this Article III, the retained attorney shall submit a written report ("attorney's written report") to the Board of Directors every thirty (30) days setting forth

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

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

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

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

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

Section 8 Monthly Board Meetings The Board of Directors shall meet monthly during the course of any civil action to discuss and review

(a) the status of the litigation,

(b) the status of settlement efforts, if any, and

(c) the attorney's written report.

Section 9 Changes in the Litigation Special Assessment. If, at any time during the course of a civil action, the Board of Directors determines that the originally estimated total cost of the civil action or any revision thereof is inaccurate, the Board of Directors shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the Co-owners, the Board of Directors shall call a special meeting of the Co-owners to review the status of the litigation, and to allow the Co-owners to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting

Section 10 Disclosure of Litigation Expenses The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("litigation expenses") shall be fully disclosed to Co-owners in the Association's annual budget. The litigation expenses for each civil action filed by the Association shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget

ARTICLE IV INSURANCE

Section 1 Extent of Coverage The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, and such common amenities or areas as may be located outside of the Condominium, but placed under the management and control of the Association, carry fire and extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion, but in no event less than \$500,000 per occurrence), officers' and directors' liability insurance, and workmen's compensation insurance, if applicable, and any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the General Common Elements and such insurance shall be carried and administered in accordance with the following provisions

(a) Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association, the Developer and the 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

(b) Insurance of Common Elements All General Common Elements of the Condominium Project and common amenities or common areas under the control of the Association, whether or not located within the Project, shall be insured against fire (if appropriate) and other perils covered by a standard extended coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. The Association shall not be responsible, in any way, for maintaining insurance with respect to Limited Common Elements

(c) Premium Expenses All premiums on insurance purchased by the Association pursuant to these By-Laws shall be expenses of administration

(d) Proceeds of Insurance Policies Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear, provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these By-Laws, 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 all of the institutional holders of first mortgages on Units in the Project have given their prior written approval

Section 2. Authority of Association to Settle Insurance Claims Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project and the General Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the 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 3 Responsibility of Co-Owners Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the buildings and all other improvements constructed or to be constructed within the perimeter of his or her Condominium Unit and for his or her personal property located therein or thereon or elsewhere on the Condominium Project. There is no

responsibility on the part of the Association to insure any of such improvements whatsoever. 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. Each Co-owner shall deliver certificates of insurance to the Association not less than annually to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, 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 may be collected in accordance with Article II hereof. Each Co-owner also shall be obligated to obtain insurance coverage for his personal liability for occurrences within the perimeter of his Unit or the improvements located thereon (naming the Association and the Developer as additional insureds thereunder), and also for any other personal insurance coverage that the Co-owner wishes to carry. Such insurance shall be carried in such minimum amounts as may be specified by the Developer (and thereafter by the Association) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer annually.

The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so. The Association may elect, however, through its Board of Directors, to undertake the responsibility for obtaining the insurance described in this Section 3, or any portion thereof, exclusive of insurance covering the contents located within a Co-owner's residence, and the cost of the insurance shall be included as an expense item in the Association budget. All Co-owners shall be notified of the Board's election to obtain the insurance at least sixty (60) days prior to its effective date which notification shall include a description of the coverage and the name and address of the insurer. Each Co-owner shall also be provided a certificate of insurance as soon as it is available from the insurer. Co-owners may obtain supplementary insurance but in no event shall any such insurance coverage undertaken by a Co-owner permit a Co-owner to withhold payment of the share of the Association assessment that relates to the equivalent insurance carried by the Association. The Association also shall not reimburse Co-owners for the cost of premiums resulting from the early cancellation of an insurance policy. To the extent a Co-owner does or permits anything to be done or kept on his Unit that will increase the rate of insurance each Co-owner shall pay to the Association, the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition shall be charged to the Co-owner responsible for such activity or condition.

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

Section 5 Indemnification Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the

Developer (and thereafter the Association) This Section 5 shall not, however, be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner

ARTICLE V RECONSTRUCTION OR REPAIR

Section 1 Responsibility for Reconstruction or Repair If any part of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows

(a) General Common Elements If the damaged property is a General Common Element the damaged property shall be rebuilt or repaired unless all of the Co-owners and all of the institutional holders of mortgages on any Unit in the Project unanimously agree to the contrary

(b) 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 any 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 he elects to make. The Co-owner shall in any event remove all debris and restore his Unit and the improvements thereon to a clean and slightly condition satisfactory to the Association and in accordance with the provisions of Article VI hereof as soon as reasonably possible following the occurrence of the damage. In the event that a Co-owner has failed to repair, restore, demolish or remove the improvements on the Co-owner's Unit under this Section, the Association shall have the right (but not the obligation) to undertake reasonable repair, restoration, demolition or removal and shall have the right to place a lien on the Unit for the amounts expended by the Association for that purpose which may be foreclosed as provided for in these By-Laws.

Section 2 Repair in Accordance with Master Deed, Etc Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for any damaged improvements located within the Unit unless the Co-owners shall unanimously decide otherwise

Section 3 Association Responsibility for Repair Immediately after the occurrence of 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 place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all 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. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation

Section 4 Timely Reconstruction and Repair Subject to Section 1 of this Article V, if damage to the General Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay

Section 5 Eminent Domain The following provisions shall control upon any taking by eminent domain

(a) Taking of Unit or Improvements Thereon In the event of any taking of all or any portion of a Unit or any improvements thereon 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, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and his mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium Project

(b) Taking of General Common Elements If there is any taking of any portion of the General Common Elements, the condemnation proceeds relative to such taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% 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

(c) 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 resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article VI of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 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.

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

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

Section 6 Priority of Mortgagee Interests Nothing contained in the Condominium Documents shall be construed to give a Co-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 Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements

Section 7 Notification of FHLMC, FNMA, Etc In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), the Michigan State Housing Development Authority ("MSHDA"), or insured by the Veterans Administration ("VA"), Department of Housing and Urban Development ("HUD"), Federal Housing Association ("FHA") or any private or public mortgage insurance program, then the Association shall give the aforementioned parties written notice, at such address as they 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 and 00/100 (\$10 000.00) Dollars in amount or damage to a Condominium Unit or dwelling covered by a mortgage purchased, held or insured by them exceeds One Thousand and 00/100 (\$1,000 00) Dollars

ARTICLE VI RESTRICTIONS

Section 1. Uses Permitted No Unit shall be used for other than residential purposes. No Co-owner shall carry on any commercial activities anywhere on the premises of the Condominium, provided, however, that any Co-owner may maintain a home office in a Unit, maintain personal records and conduct personal business within a Unit, and participate in business or professional telephone calls from within the Unit Meetings with customers or clients within a Unit is not permitted. Notwithstanding the foregoing, Developer may conduct any of the activities expressly described in the Master Deed or its exhibits. In no event shall any Unit within the Condominium be used for the operation of a "family day care home" or any other type of day care facility

Section 2. Alterations and Modifications Except as otherwise specifically permitted in this Article VI, no Co-owner shall make alterations in the exterior appearance of any Unit or make changes in any of the Common Elements, limited or general, without the express written approval of the Board of Directors including but not limited to, exterior painting or the erection of decks, antennas, lights, aenals, awnings, doors, shutters or other exterior attachments or modifications to any Unit The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Condominium Any deck constructed at the rear of a Unit must conform to deck plans prepared for review by the Developer and must be approved by Developer in writing prior to construction, provided that the authority to review and approve deck plans shall automatically be assigned to the Association upon the expiration of the Development and Sales Period No lawn ornament, statue or similar item shall be installed upon the exterior of a Unit without the prior written approval of the Developer during the Development and Sales Period and by the Association through its Board of Directors after the Development and Sales Period

Section 3 Activities No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium, nor shall any unreasonably noisy activity be carried on in or on the Common Elements or within any Unit at any time No Co-owner shall do or permit anything to be done or keep or permit to be kept in the Co-owner's Unit or on the Common Elements anything that will increase the rate of

insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved, which increased cost may be assessed to and collected from the Co-owner in the manner provided in Article II hereof

Section 4 Animals or Pets Without the prior written consent of the Board of Directors, no animal or pet other than a total of two cats or dogs not to exceed 100 pounds in weight (per animal or pet) shall be kept in the Condominium by any Co-owner. Any pets kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No animal may be permitted to run loose upon the Common Elements, and any animal shall at all times be attended by a responsible person while on the Common Elements. Any person who causes or permits an animal to be brought or kept on the Condominium property shall indemnify and hold harmless both the Association and the Developer for any loss, damage or liability which the Association or the Developer may sustain as a result of the presence of such animal on the Condominium property. The term "animal or pet" as used in this Section shall not include small animals which are constantly caged such as small birds or fish. All pets must be registered with the Board of Directors of the Association.

Section 5 Aesthetics The Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in the Master Deed or in duly adopted rules and regulations of the Associations. All rubbish, trash, garbage and other waste shall be regularly removed from each Unit and shall not be allowed to accumulate therein. Unless special areas are designated by the Association, trash receptacles and containers shall not be permitted on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash and all trash receptacles and containers shall be stored inside and not on the exterior of a Unit. Neither the land included in any Unit, the exterior of any Unit, nor any Common Element shall be used in any way for the drying, shaking, or airing of clothing or other fabrics. Automobiles may only be washed in the driveways installed within a Unit. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in a Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 6 Common Elements. The Common Elements shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended. No Co-owner may leave personal property of any description (including by way of example and not limitation bicycles, vehicles, chairs and benches) unattended on or about the Common Elements. Use of all General Common Elements may be limited to such times and in such manner as the Board of Directors shall determine by duly adopted regulations.

Section 7 Vehicles No vehicles other than passenger cars, sports utility vehicles or pick up trucks shall be parked or maintained within the Condominium or any Unit therein unless the vehicle is parked within a suitable private garage built in accordance with the restrictions set forth herein. Vehicles subject to this restriction shall include, without limitation, all trailers, trucks (other than pick up trucks), boats, boat trailers, aircraft, commercial vehicles and campers. All passenger cars, sport utility vehicles and pick up trucks may only be parked within such private

garage as may have been constructed within the Unit or on the driveway located between said garage and the street. No motorcycles, snowmobiles or vehicles designed primarily for off-road use shall be used, maintained or operated in the Project.

Section 8 Weapons No Co-owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots, or other similar weapons, projectiles or devices anywhere on or about the Condominium.

Section 9 Signs and Advertising No signs, displays or decorations of any type shall be displayed in a location that is visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs or other advertising devices and political signs of any type, without the express written permission of the Board of Directors and, during the Development and Sales Period, the Developer. (This provision shall not preclude the display of a single United States flag of a size not greater than three feet by five feet on the exterior of a Unit as expressly permitted by Section 56a of the Condominium Act, MCLA § 559 156a) Throughout the duration of the Development and Sales Period, no "For Sale" signs shall be installed or placed within the Condominium, except for such signs as may be installed or placed within the Condominium by the Developer or one or more Residential Builders pursuant to the rights reserved below in Section 21 of this Article VI. In no event shall such General Common Element entrance signs as may be installed by the Developer or by a Residential Builder designated by the Developer at the entrances into the Condominium from Pontiac Trail be removed, relocated or modified to remove the name of the Developer or the name of the designated Residential Builder from such sign as such names may appear, either during or after the Development and Sales Period.

Section 10 Rules and Regulations Reasonable regulations consistent with all laws and the Condominium Documents concerning the use of the Common Elements or the rights and responsibilities of the Co-owners and the Association with respect to the Condominium or the manner of operation of the Association and of the Condominium 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, provided that any such rule or regulation must be approved by the Developer during the Development and Sales Period. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners or posted on a General Common Element. Any such regulation or amendment may be revoked at any time by the affirmative vote of a majority of the Co-owners.

Section 11 Association's Right of Access The Association or its duly authorized agents shall have access to each Unit (but not the interior of any Residence thereon) and any Limited Common Elements appurtenant thereto 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 agent shall also have access to each Unit (excluding the interior of any Residence thereon) and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to the Co-owner's Unit and any Limited Common Elements appurtenant thereto during all periods of

absence and in the event of the failure of such Co-owner to provide means of access, 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 any Unit or any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of such damage. Subject to the foregoing and other provisions in the Master Deed and these By-Laws, each Co-owner shall be entitled to exclusive occupancy and control over the Co-owner's Unit and all Limited Common Elements appurtenant thereto.

Section 12 Architectural Control All Residences and appurtenances thereto shall be built entirely within the Units which are shown on the Condominium Subdivision Plan. All Residences and related structures constructed in the Condominium shall conform to the Architectural and General Site Design Guidelines for the Saddle Creek Planned Development Agreement (Section 8, items a through h, page 6 of the PD Agreement). No Residence, building, structure or other improvement shall be constructed outside of a Unit or elsewhere within the Unit or the Condominium Project, nor shall any exterior modification be made to any existing buildings, structure or improvement, unless plans and specifications therefor, containing such detail as the Developer may reasonably request, have first been approved in writing by the Developer including, but not limited to the following:

- (a) A topographic survey showing the existing and proposed grades, the location of all trees in excess of six (6") inches in diameter, the proposed location of each building or structure and the proposed location of drives and parking areas;
- (b) Construction and architectural plans including dimensioned floor plans, typical sections and all elevations, and
- (c) Specifications setting forth the type of quality of all materials and workmanship to be employed including a detailed finish schedule for all exterior materials, products and finishes.

Construction of any building or other improvements must also receive any necessary approvals from the local public authority. Developer shall have the right to refuse to approve any plans or specifications, or grading or landscaping plans, which are not suitable or desirable in its opinion for aesthetic or other reasons or which otherwise fail to satisfy the requirements of these Condominium Documents; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-Owners. Developer's rights under this Article VI, Section 12 may, in Developer's discretion, be assigned (in whole or in part) to the Association or other successors to Developer. The Developer may construct or authorize any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of any prior consent from the Association or any other person or entity. The Developer shall have the unqualified right to waive specific limitations contained in the Condominium Documents. Nothing in this provision or in any other provision of the Condominium Documents shall be construed to require that a Co-owner install

trees that the Developer is required to install as a condition of site plan approval by the Township

Section 13 Minimum Square Feet, Unit Width and Setbacks The minimum area of any Residence constructed within a Unit shall be not less than one thousand seven hundred (1,700) square feet, as determined by the Developer

The following setback requirements shall apply to all Units in the Condominium

(a) Any Residence constructed on a Unit shall be set back at least thirty (30') feet from the front boundary of the Unit. If a Residence fronts upon two streets, the side on which the main entrance to the Residence is located shall be considered the "front" of the Unit for the purposes of this provision

(b) Any Residence constructed on a Unit shall be set back at least thirty-five (35') feet from the rear boundary of the Unit

(c) Any Residence constructed on a Unit shall be set back at least eight (8') feet from both side boundaries of the Unit, provided that the aggregate side yard setback for both sides of a Unit and the minimum distance between Residences constructed upon adjoining Units, shall be at least thirty (30') feet.

Section 14 Exterior Finishes and Colors The materials used on the exterior walls of the Residence built within a Unit shall be a combination of brick, stone, wood, "Hardi-Plank" or similar siding, with the determination of whether a siding is similar to "Hardi-Plank" being within the Developer's sole discretion. Aluminum gutters, down spouts and flashing shall be permitted as well as copper roofing material on bays. Texture T 1-11 and aluminum siding shall not be used in the construction of Residences or other structures within the Condominium and all window, door and house trim shall comprise wood, vinyl clad wood, aluminum clad or vinyl.

The exterior colors of Residences and other structures must be natural and subdued. Proposed exterior paint and stain colors shall be submitted to the Developer for approval prior to application in compliance with the requirements set forth above in Section 12 of this Article VI

Section 15 Roof Material and Pitch The roofs of Residences constructed within the Condominium shall be constructed of 25-year three-tab asphalt shingles or of materials of equal or greater quality as determined by the Developer in its sole discretion. No single-level flat roofs shall be permitted on the main body of any Residence or other structure, except that flat roofs may be installed over "Florida rooms", porches or patios if they are architecturally compatible with the rest of the Residence. Except for the flat roofs permitted by this provision, all roofs shall have a minimum pitch of five (5) on twelve (12)

Section 16 Garages and Driveways All garages must be attached or architecturally related to the Residence and all garages shall provide space for two (2) or three (3) automobiles. All garages shall feature side entry. The doors to any garage installed within the Condominium

shall comprise either panelized steel or panelized aluminum. Vehicular access to Units and the Project shall be only by the roads within the Project. All driveways must connect to the roads contained within the Project. All driveways, approaches and sidewalks shall be constructed of brick pavers or concrete. All driveways shall be completed prior to occupancy, except to the extent prohibited by strikes or weather conditions, in which case the driveway shall be completed within ninety (90) days of the termination of the strike or adverse weather.

Section 17 Air Conditioners, Fences No window or wall-mounted air conditioners are permitted to be installed or used within or on any Residence or structure within the Condominium. All exterior air conditioner equipment shall be located so as to minimize noise to adjacent Units and Residences and all such equipment shall be screened by landscaping so that it is not visible from the road or street and adjacent Residences. All exterior components of air conditioning systems shall be located at the rear or rear offsets of the Residence constructed within a Unit.

No fence shall be installed within the Condominium or upon any Unit without the prior written approval of the Township and, during the Development and Sales Period, the Developer. (The Developer's approval of any fence installed within the Condominium shall also be required for so long as the Developer owns any portion of the Future Expansion Area that has not been included in the Condominium or any dwelling unit constructed thereon.) Wrought iron fences or similar type fences may be installed for dog runs and swimming pools so long as the approvals required by this provision are obtained. No privacy fences or perimeter fencing along Unit boundaries shall be permitted nor shall fences be installed within the Condominium around air conditioning system components or for other outside screening.

Section 18 Landscaping Requirements, Restrictions on Tree Removal The berms and landscaped areas maintained as General Common Elements within the Condominium shall be landscaped in conformance with the Landscape Plan attached as Exhibit H to the PD Agreement identified in Article III, paragraph (u) of the Master Deed, said PD Agreement being further described in Article VII, paragraph (k) of the Master Deed. Pursuant to paragraph 7A of the PD Agreement, modifications to types and locations of plantings included in the approved landscape plan may require the prior written approval of the Township Planner. Any such modification by the Association shall, during the Development and Sales Period, also require the prior written approval of the Developer. The Developer shall install the street trees required by the Landscape Plan at the front of each Unit or, in the alternative, transfer responsibility for the installation of required street trees to the Residential Builders of the Residences on each Unit as permitted by paragraph 7A of the PD Agreement.

Pursuant to paragraph 7B of the above referenced PD Agreement, existing trees may be identified for preservation on certain individual Units. No Co-owner shall remove any such tree that is designated for preservation without first obtaining such permit from the Township as may be required by the Township's ordinances. No tree designated for preservation may be removed during the Development and Sales Period without the prior written approval of the Developer.

Section 19 Antennas, Mailboxes and Alterations and Modifications Which Affect Utility Lines No Co-Owner shall install or erect any sort of antenna (including dish antennas) upon

any General Common Element Co-owners shall have the right to install (i) not more than one antenna designed to receive television broadcast signals and (ii) not more than one antenna measuring one meter (39 inches) or less in diameter or diagonally and designed to receive direct broadcast satellite services or video programming from multichannel multipoint distribution (wireless cable) providers within their Units, provided that any such antenna shall be installed behind the Residence constructed within the Unit in a location that is, to the maximum extent possible, shielded from view from the road while still permitting reception of an acceptable quality signal. The Association shall have the right to impose rules requiring that any installed antenna be painted in a specified color so that the antenna blends into its surroundings. The provisions in this Section 19 applicable to antennas are intended to comply with applicable rules and regulations promulgated by the Federal Communications Commission (the "FCC Rules") and shall be automatically amended and revised to the extent required to remain in compliance with future modifications to the FCC Rules. Co-owners are urged to restrict the antenna installed upon their Unit to a dish design measuring not more than 18 inches in diameter. In no event shall an antenna permitted by this Section 19 be installed in front of a Residence unless the Co-owner can demonstrate that an acceptable quality signal cannot be obtained from a location to the rear of the Residence.

The design, material, color and construction of all mailboxes and mailbox stands must be approved by the Board of Directors prior to their installation. To insure that mailboxes are uniform in appearance and design, the Developer shall have the right during the entire Development and Sales Period to require that the Co-owners of each and every Unit install such mailbox and/or mailbox stand as may be purchased by the Association at the direction of the Developer to the exclusion of any other mailbox and/or mailbox stand and that the Co-owners of each Unit reimburse the Association for the entire cost of the mailbox and/or mailbox stand. All mailboxes must be properly maintained and kept in a sightly appearance by the Co-Owners. No Co-Owner shall in any way restrict access to any utility line, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way.

Section 20 Co-Owner Maintenance Each Co-owner shall maintain his or her Unit (and all improvements constructed therein) and any Limited Common Elements appurtenant thereto for which the Co-owner has maintenance responsibility in a safe, clean and sanitary condition. No unsightly condition shall be maintained upon any deck, patio or porch and only furniture and equipment consistent with ordinary deck, patio or porch use shall be permitted to remain there during seasons when the same are reasonably in use. 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 and any other elements in any Unit 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 damage to or misuse of any of the Common Elements by the 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 excluded 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 II hereof

Section 21 Reserved Rights of Developer

(a) Prior Approval by Developer During the Development and Sales Period, no buildings, fences, walls, retaining walls, decks, drives, walks or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), except interior alterations which do not affect structural elements of any Unit, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color, scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with Developer. Developer shall have the right to refuse to approve any such plan or specifications, grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons, and in passing upon such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole and any adjoining properties under development or proposed to be developed by Developer. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners

(b) Developer's Rights in Furtherance of Development and Sales None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards of the Developer with respect to unoccupied Units owned by the Developer, or of the Association in furtherance of its powers and purposes. Notwithstanding anything to the contrary elsewhere herein contained, throughout the Development and Sales Period, Developer shall have the right 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 Condominium as may be reasonable to enable development and sale of the entire Condominium by the Developer. The rights of assignment reserved to the Developer in Article XIV of the Master Deed shall include the right to permit the maintenance and use of sales offices, model units, advertising display signs, storage areas and reasonable parking incident to the foregoing by to one or more Residential Builders, who may exercise such rights simultaneously with the Developer

(c) Enforcement of By-Laws The Condominium shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private residential community for the benefit of the Co-owners and all persons having interests in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any entity to which it 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 By-Laws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these By-Laws throughout the Development and Sales Period, which right of enforcement shall include without limitation an action to restrain the Association or any Co-owner from any activity prohibited by these By-Laws.

(d) Method of Evidencing Developer's Approval **ANY APPROVAL, WAIVER, OR OTHER ACTION HEREUNDER BY DEVELOPER WILL NOT BE EFFECTIVE UNLESS THAT APPROVAL, WAIVER, OR OTHER ACTION IS IN WRITING AND IS SIGNED BY THE DEVELOPER. CO-OWNERS, THE ASSOCIATION (AND ANY OTHER PERSONS OR ENTITIES) MAY NOT RELY UPON ANY APPROVAL, WAIVER, OR OTHER ACTION HEREUNDER IF THAT APPROVAL, WAIVER, OR OTHER ACTION IS GRANTED OR TAKEN BY ANY PERSON (INCLUDING, WITHOUT LIMITATION, ANY EMPLOYEE OR REPRESENTATIVE OF THE DEVELOPER) OTHER THAN THE DEVELOPER. AGENTS, EMPLOYEES, CONSULTANTS, ATTORNEYS AND OTHER REPRESENTATIVES AND ADVISORS OF DEVELOPER ARE NOT LIABLE WITH RESPECT TO ANY APPROVALS, WAIVERS OR OTHER ACTIONS UNDER THE CONDOMINIUM DOCUMENTS.**

Section 22 Leasing and Rental Co-owners, including Developer, may rent any number of Units at any time for any term of occupancy not less than six (6) months subject to the following:

(a) Disclosure of Lease Terms to Association A Co-owner, including the Developer, desiring to rent or lease a Unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease to a potential lessee and, at the same time, shall supply the Association with a copy of the lease for its review for compliance with the Condominium Documents. If Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-owner in writing. All leases shall be in writing.

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

(c) Procedures in the Event of Non-Compliance with Condominium Documents If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

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

(ii) The Co-owner shall have 30 days (or such additional time as may be granted by the Association if the Co-owner is diligently proceeding to cure) 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.

(iii) If after 30 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the 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

(d) Notice to Co-owner's Tenant Permitted Where Co-owner in Arrears to the Association for Assessments. 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. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may take the following actions:

(i) The Association may issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding

(ii) The Association may initiate proceedings for eviction and money damages as described in subparagraph (c)(iii) above following the tenant's failure to remit rent otherwise due within fifteen (15) days after issuance of notice by the Association to the tenant by certified mail

The leasing provisions contained in this Section 22 may not be revised prior to the Transitional Control Date without the Developer's prior written consent. Any revision to these leasing provisions shall be subject to the limitations set forth in Section 112 of the Condominium Act, as amended by Act 283 of the Public Acts of Michigan of 2002

Section 23 Storm Water Management In order to assure that storm water drainage is properly maintained, all storm water drainage facilities in the Condominium have been designated General Common Elements in Article IV(a)(3) of the Master Deed. Accordingly, the Association will maintain, repair and replace all storm water drainage systems and areas in the Condominium for the benefit of all Co-owners, the cost of which will be an expense of administration of the Condominium

Section 24 Wetland Areas. The Condominium contains certain areas which have been designated as wetlands (the "Wetlands") on the Condominium Subdivision Plan. The Wetlands are deemed to be within a Conservation Easement, in which no disturbance will be permitted (including, without limitation, construction activities, dredging, filling, planting and/or any other types of modification), without the prior approval of the Developer, the Township and, if required by law, the Michigan Department of Environmental Quality. Violation of this restriction may

result in civil and criminal penalties. No fertilizers may be used by the Co-owners which may, in the estimation of the Association acting through its Board of Directors, damage any Wetlands which may be located within or bordering on the Condominium. The Association may ban fertilizers which may damage any such Wetlands from use in the Project.

If any portion of a Unit established within the Condominium, as the same may be expanded, should include a wetland area, the amendment to Master Deed that is recorded to establish that Unit shall include a statement (a) identifying the Unit that contains the wetland area and (b) providing that the purchasers of such Unit shall be deemed to have acknowledged the presence of such wetlands in accepting title to the Unit as established by the aforesaid amendment to Master Deed.

Section 25. Flood Plain. A portion of the General Common Element land included in the Condominium lies within a flood plain. No construction activity or disturbance of areas lying within the flood plain can occur without first obtaining such permits as may be required by the Michigan Department of Environmental Quality, and, if also required, permits from the Township and /or the Oakland County Drain Commissioner.

Section 26. Water Softeners. For purposes of maintaining permitted discharge limits in the waste water treatment plants that serve the Condominium, the use of sodium chloride in water softeners installed in Units or elsewhere within the Condominium is prohibited. Potassium chloride or such other treatment as approved by the Township Building Official is permitted.

Section 27. Monitoring and Maintenance of Conservation Easement Areas. As stated in Article VII, paragraph (n) of the Master Deed, responsibility for maintaining and monitoring the conservation easement areas established and described in the Conservation Easement described in Article VII, paragraph (n) of the Master Deed has been assigned to the Association with the recording of the Master Deed. The Association shall provide a letter to the Township on an annual basis indicating the status of the maintenance and monitoring of the conservation easement areas described in the Conservation Easement.

ARTICLE VII MORTGAGEES

Section 1. Notice to Association. Any Co-owner who mortgages its 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 Condominium written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

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

Section 3 Notification of Meetings Upon 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 VIII VOTING

Section 1 Vote Except as limited in these By-Laws, each Co-owner shall be entitled to one vote for each Condominium Unit owned when voting by number and one vote, the value of which shall equal the Percentage of Value percentage allocated to the Units owned by such Co-owner as set forth in the Master Deed, when voting by value. Voting shall be by value unless otherwise expressly required by the Condominium Documents or by law. In the case of any Unit owned jointly by more than one Co-owner, the voting right appurtenant to that Unit may be exercised jointly as a single vote or may be split if all the joint Co-owners of the Unit so agree in writing

Section 2 Eligibility to Vote No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until the Co-owner has presented evidence of ownership of a Unit in the Condominium to the Association. Except as provided in Article XI, Section 2 of these By-Laws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. 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 3 of this Article VIII or by a proxy given by such individual representative

Section 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. At any meeting the filing of such written notice as a prerequisite to voting may be waived by the chairman of the meeting

Section 4 Annual Meeting There shall be an annual meeting of the Co-owners commencing with the First Annual Meeting held as provided in Article IX, Section 2 hereof. Other meetings shall be held as provided for in Article IX hereof. Notice of the time, place and subject matter of all meetings shall be given by mailing the same to each individual representative designated by the respective Co-owners

Section 5 Quorum. The presence in person or by proxy of more than thirty-five percent (35%) in value 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 such 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 6 Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 7 Majority. Unless otherwise required by law or by the Condominium Documents, any action which could be authorized at a meeting of the members shall be authorized by an affirmative vote of more than fifty (50%) percent in value. The foregoing statement and any other provision of the Master Deed and these By-Laws requiring the approval of a majority (or other stated percentage) of the members shall be construed to mean, unless otherwise specifically stated, a majority (or other stated percentage) in value of the votes cast by those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the Co-owners duly called and held.

ARTICLE IX MEETINGS

Section 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 Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer. The First Annual Meeting may be called at any time in the Developer's discretion after the first conveyance of legal or equitable title of a Unit in the Condominium to a non-developer Co-owner. As provided in Article XI, Section 2(c) hereof, the First Annual Meeting shall be held on or before one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of seventy-five (75%) percent in number of the Units that may be created in the Condominium 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 Condominium, whichever first occurs. The Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-owner.

Section 3 Annual Meetings. Annual meetings of members of the Association shall be held on a date determined by the Board of Directors within 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 these By-Laws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings It shall be the duty of the President to call a special meeting of the 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, but only after the First Annual Meeting has been held. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each 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 by Article VIII, Section 3 of these By-Laws to be filed with the Association shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 6. Adjournment If any meeting of 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 ten (10) days from the time the original meeting was called, and notice of the meeting shall be provided as set forth in Section 5 of this Article IX.

Section 7. Order of Business The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting, (b) determination of whether quorum is present; (c) proof of notice of meeting or waiver of notice; (d) reading of minutes of preceding meeting, (e) reports of officers; (f) reports of committees, (g) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors or officers); (h) election of Directors (at annual meeting or special meetings held for such purpose), (i) unfinished business; and (j) 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 8. Action Without Meeting Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 of this Article IX for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must

be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of votes or total percentage of approvals which equals or exceeds the number of votes or percentage of approvals which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast

Section 9 Minutes, Presumption of Notice Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X ADVISORY COMMITTEE

An advisory committee of non-developer Co-owners shall be established either one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of one-third (1/3) of the Units that may be created, or one year after the initial conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Condominium, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the association of Co-owners. The advisory committee shall cease to exist when a majority of the Board of Directors of the Association is elected by the non-developer Co-owners.

ARTICLE XI BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall consist of three members, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation. After the First Annual Meeting, the number of directors may be increased or decreased by action of the Board of Directors, provided that the Board of Directors shall be comprised of at least three members.

Section 2 Election of Directors

(a) First Board of Directors. The first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-developer Co-owners to the Board. The Developer shall manage the affairs of the Association, and act as the first Board of Directors until the date of the First Annual Meeting of members. Elections for non-developer Co-owner directors shall be held as provided in subsections (b) and (c) below.

(b) 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 (25%) percent of the Units that may be created, at least one director and not less than twenty-five (25%) percent of the Board of Directors shall be elected by non-developer Co-owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required director. Upon certification by the Co-owners to the Developer of the director so elected, the Developer shall then immediately appoint such director to the Board to serve until the First Annual Meeting of members unless the director is removed pursuant to Section 7 of this Article XI or the director resigns or becomes incapacitated.

(c) Election of Directors at and After First Annual Meeting

(i) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy-five (75%) percent of the Units that may be created, and before conveyance of ninety (90%) percent of such Units, the First Annual Meeting shall be called and the non-developer Co-owners shall elect all directors on the Board of Directors, except that the Developer shall have the right to designate at least one director as long as the Developer owns and offers for sale at least ten (10%) percent of the Units in the Condominium or as long as ten (10%) percent of the Units remain that may be created.

(ii) Notwithstanding the formula provided in subsection (i), 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Condominium, if title to at least seventy-five (75%) percent of the Units that may be created has not been conveyed to non-developer Co-owners, the First Annual Meeting shall be called and the non-developer Co-owners shall have the right to elect as provided in the Condominium Documents, a number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer has the right to elect, as provided in the Condominium Documents, a number of members of the board equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the board as determined in the Condominium Documents.

(iii) 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 this Section 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 this Section 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 the Developer shall have the right to elect the remaining members of the

Board of Directors Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (i) of this Section 2(c)

(iv) At the First Annual Meeting, one-half (1/2) of the directors (rounded up if fractional) shall be elected for a term of two years and the remaining directors shall be elected for a term of one year. At such meeting, all nominees shall stand for election as one slate and the number of persons equal to one-half (1/2) of the number of directors (rounded up if fractional) who receive the highest number of votes shall be elected for terms of two years and the number of persons equal to the remaining directors to be elected who receive the next highest number of votes shall be elected for terms of one year. After the First Annual Meeting, the term of office (except for directors elected at the First Annual Meeting for one year terms) of each director shall be two years. The directors shall hold office until their successors have been elected and hold their first meeting.

(v) 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 IX, Section 3 hereof

(vi) As used in this section, the term "Units that may be created" means the maximum number of Units which may be included in the Condominium in accordance with any limitation stated in the Master Deed or imposed by law. For purposes of calculating the timing of events described in Article IX above and this Article XI, Section 2, the conveyance by the Developer of a Unit to a Residential Builder, whether or not the Residential Builder is affiliated with the Developer as defined by the Act, shall not be considered a sale to a non-Developer Co-owner until such time as the Residential Builder conveys the Unit with a completed Residence on it or until the Unit contains a completed and occupied Residence.

Section 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 necessary thereto subject always to the Condominium Documents and applicable laws

Section 4 Other Duties In addition to the foregoing duties imposed by these By-Laws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following

(a) To manage and administer the affairs of and to maintain the Condominium and the Common Elements thereof

(b) To levy and collect assessments against and from the members of the Association and to use the proceeds thereof for the purposes of the Association

(c) To carry insurance and collect and allocate the proceeds thereof

- (d) To rebuild improvements after casualty
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium
- (f) To own, maintain, improve, operate and manage, and to buy, sell, convey, assign, mortgage or lease (as landlord or tenant) 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
- (g) 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
- (h) To make rules and regulations in accordance with Article VI, Section 10 of these By-Laws
- (i) To establish such committees as it 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
- (j) To enforce the provisions of the Condominium Documents

Section 5. Management Agent The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. 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 the Developer, in which the maximum term is greater than 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 6. Vacancies Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any director whom it is permitted in the first instance to designate Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association Vacancies among non-developer 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 2(b) of this Article

Section 7 Removal At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than fifty (50%) percent in number and in value of all of the Co-owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal quorum set forth in Article VIII, Section 5 Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting The Developer may remove and replace any or all of the directors selected by it at any time or from time to time in its sole discretion Likewise, any director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of directors generally.

Section 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 shall be present.

Section 9 Regular Meetings Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year Notice of regular meetings of the Board of Directors shall be given to each director personally, by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting

Section 10 Special Meetings Special meetings of the Board of Directors may be called by the President on 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 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting

Section 12. Quorum At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors If, at any meeting of the Board of Directors, there is less than a quorum 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 13. First Board of Directors. All of the actions (including, without limitation, the adoption of these By-Laws and any Rules and Regulations for the Association, and any undertaking or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association named in its Articles of Incorporation or any successors thereto appointed before the First Annual Meeting of Co-owners shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the Co-owners.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE XII OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. 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.

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

(b) Vice President. The Vice President shall take the place of the President and perform 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 so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors.

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

(d) Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and

disbursements in books belonging to the Association. 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 2. Election The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3 Removal Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and the officer's successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4 Duties The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XIII SEAL

The Board of Directors may adopt a seal on behalf of the Association which shall have inscribed thereon the name of the Association, the words "corporate seal", and "Michigan".

ARTICLE XIV FINANCE

Section 1 Records The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and 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 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 Board. The commencement date of the fiscal year shall be subject to change by the Board for accounting reasons or other good cause.

Section 3 Bank Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Board 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 XV INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, incurred by or imposed upon the director or officer in connection with any proceeding to which the director or officer may be a party, or may become involved, by reason of the director or officer being or having been a director or officer of the Association, whether or not a director or officer 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 such director's 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 XVI AMENDMENTS

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

ARTICLE XVII COMPLIANCE

The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the Condominium 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 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 XVIII REMEDIES FOR DEFAULT

Section 1 Default by a Co-owner. Any default by a Co-Owner shall entitle the Association or another Co-Owner or Co-Owners to the following relief:

(a) 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.

(b) 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 attorney's 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 attorney's fees.

(c) 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 or into any Unit (but not into any Residence or related garage), 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.

(d) 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 in accordance with the provisions of Article XIX below.

Section 2 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 3 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 aforesaid 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 4 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 XIX ASSESSMENT OF FINES

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

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

(a) Notice. Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-Owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-Owner at the address as shown in the notice required to be filed with the Association pursuant to Article VIII, Section 3 of these By-Laws

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

(c) Default Failure to respond to the Notice of Violation constitutes a default.

(d) Hearing and Decision Upon appearance by the Co-Owner before the Board and presentation of evidence of defense, or, in the event of the Co-Owner's

default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

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

- (a) First Violation No fine shall be levied.
- (b) Second Violation Seventy-Five Dollars (\$75.00) fine
- (c) Third Violation One Hundred Dollars (\$100.00) fine
- (d) Fourth Violation and Subsequent Violations. One Hundred and Fifty Dollars (\$150.00) fine for each violation

The Association, acting through its Board of Directors, may increase or decrease the fine schedule set forth above by Board resolution after giving prior written notice to the Co-Owners of the proposed change. The resolution and a proof of notice shall then be recorded in Oakland County Records and the new schedule shall be effective upon recording.

Section 4 Collection The fines levied pursuant to Section 3 above shall be assessed against the Co-Owner and shall be due and payable together with the regular Condominium assessment on the first of the next following month or within 30 days of the imposition of the fine if regular Condominium assessments are collected on a quarterly or semiannual basis. Failure to pay the fine will subject the Co-Owner to all liabilities set forth in the Condominium Documents including, without limitation, those described in Article II and this Article XX of these By-Laws.

ARTICLE XX RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or entities or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not

limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby)

ARTICLE XXI ARBITRATION

Section 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, 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.

Section 2. Judicial Relief In the absence of the election and written consent of the parties pursuant to Section 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 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 XXII SEVERABILITY

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