

**BY-LAWS**

**OF**

**STREAMWOOD SUBDIVISIONS  
HOMEOWNERS ASSOCIATION**

**ARTICLE I**

**NAME**

The name of the Association is Streamwood Subdivisions Homeowners Association.

**ARTICLE II**

**PRINCIPAL OFFICE**

The principal office of the Association is located at 41050 Vincent Court, Novi, Michigan 48375.

**ARTICLE III**

**PURPOSES**

The purposes for which the Association is organized are:

- (a) To develop a community designed for safe, healthful, and harmonious living.
- (b) To promote the collective and individual interests and rights of all persons owning property in the Subdivisions known as Streamwood Subdivisions Nos. 1 through 8, inclusive, situated in the Township of Ypsilanti, Washtenaw County, Michigan.
- (c) To care for the improvements and maintenance of the common areas and other ornamental features of the Subdivisions, which now exist.

(d) To cooperate with the owners of all vacant and unimproved lots now existing or that hereafter shall exist in the Subdivisions in keeping them in good order and condition, in preventing them from becoming a nuisance and a detriment to the beauty of the Subdivisions and to the value of the improved property therein, and to take any action with reference to such vacant and unimproved lots as may be necessary or desirable to keep them from becoming such nuisance and detriment.

(e) To aid and cooperate with the members of the Association and all property owners in the Subdivisions in the enforcement of such covenants, conditions, and restrictions on and appurtenant to their property as are now in existence, as well as any other covenants, conditions, and restrictions as shall hereafter be approved by members of the Association.

(f) The By-Laws of the Association shall establish a procedure governing the initiation, maintenance and monitoring of litigation, except for actions to enforce the By-Laws of the Association and to collect delinquent assessments. The By-Laws shall provide that such procedure may be amended, altered or repealed only by a vote of not less than 66-2/3% of all members of the Association.

(g) To acquire, own, or lease such real and personal property as may be necessary or convenient for the transaction of its business and the fulfillment of its purposes.

(h) To arrange social and recreational functions for its members.

(i) To exercise any and all powers that may be delegated to it from time to time by the owners of real property in the Subdivisions.

(j) In general, to do everything necessary, proper, or advisable for the accomplishment of the purposes hereinabove set forth.

#### ARTICLE IV

#### MEMBERSHIP

1. Eligibility. Every present and future owner of a lot or residential lot in the Subdivisions and every present and future tenant to whom such owner has assigned his membership is entitled to be a member in the Association.

2. Membership. Membership shall include an undertaking by such owner or tenant to comply with these By-laws and the rules and regulations adopted by the Association. Membership shall be accompanied by payment of the first year's dues in advance.

3. Termination. Membership in the Association shall terminate on a member's ceasing to be an owner or tenant of a lot or residential unit in the Subdivisions.

4. Assignment. An owner who is a member of the association may assign his membership to the tenant occupying his lot or residential unit in the Subdivisions. Such assignment to be effective must be filed with the Secretary of the Association.

ARTICLE V

MEETINGS OF MEMBERS

1. Annual Meetings. An annual meeting of the members of the Association shall be held on the second Sunday of the month of January of each year beginning with the year 1996, at the hour of 1:00 P.M., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed shall be a legal holiday, such meeting shall be held on the succeeding day not a legal holiday.

2. Regular Meetings. In addition to the annual meetings, regular meetings of the members may be held at such time as shall be determined by the Board of Directors, provided, however, that no regular meetings shall be held during the months of July and August.

3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by not less than forty (40) members having voting rights. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the members present, either in person or by proxy.

4. Place of Meetings. Meetings of the Association shall be held at a suitable place convenient to the members as may be designated by the Board of Directors.

5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual meeting stating the purpose thereof as well as the time and place where it is to be held, to each member entitled to vote, at least five (5) but not more than fifteen (15) days prior to such meeting. Notice of regular or special meetings shall be by mail or posting of a sign at each entrance into the subdivisions, at least five (5), but not more than fifteen (15) days prior to the meeting at the discretion of the Board of Directors.

6. Quorum. The presence of any meeting, in person or by proxy, of the members holding fifty-one (51%) percent of the votes cast at such meeting shall be necessary and sufficient to constitute a quorum for the transaction of business.

7. Adjourned Meetings. If any meeting of the members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting to another specified date not less than fourteen (14) days from the time the original meeting was called.

8. Voting. Each member shall be entitled to vote on each matter submitted to a vote by the members, but in no event shall more than one vote be cast for each lot.

9. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after two (2) months from the date of its execution, unless otherwise provided in the proxy.

10. Manner of Acting. A majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by the By-Laws.

11. Voting by Mail. Where directors or officers are to be elected by members, such election may be conducted by mail in such manner as the Board of Directors shall determine.

12. Order of Business. The order of business at the annual meetings of the members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of committee.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

## ARTICLE VI

### BOARD OF DIRECTORS

1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of nine (9) persons, all of whom must be members of the Association.

2. 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 such acts and things as are not by law or by these By-Laws directed to be exercised and done by the members.

3. Other Duties. In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the Subdivisions and the common areas and facilities.
- (b) Collection of monthly dues and special assessments from the members.
- (c) Designation and dismissal of the professionals and personnel necessary for the accomplishment of the purposes of the Association.

4. Election and Term of Office. At the first annual meeting of the Association, the term of office of three (3) Directors shall be fixed at three years; the term of office for three (3) Directors should be fixed at two (2) years; and the term of office of three (3) Directors shall be fixed at one year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three years. The Directors shall hold office until their successors have been elected and hold their first meeting.

5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

6. Removal of Directors. At any annual, regular or special meeting duly called, any one or more of the Directors may be

removed, with or without cause, by a majority of the members and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

7. Organization 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.

8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place 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, by telephone or telegraph, at least seven (7) days prior to the day named for such meeting.

9. 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 or 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 at least three (3) Directors.

10. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be 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.

11. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

12. 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 paid by the Association.

ARTICLE VII

OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

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

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

6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

7. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. Subject to approval of the Board of Directors, the Treasurer may delegate specific duties to a bonded management agent or bookkeeper.

#### ARTICLE VIII

##### MEMBERSHIP COMMITTEE

1. Number. At the first meeting of a newly elected Board of Directors a Membership Committee shall be elected, consisting of

three (3) members, at least one of whom shall be a director.

2. Duties. The Membership Committee shall act on applications for membership as received and submit a report of their actions to the Board of Directors at its next regular meeting for review. Such approved membership lists shall be made a part of the Board minutes.

#### ARTICLE IX

##### OTHER COMMITTEES

The Board of Directors may appoint such other committees as it may deem advisable. Each such committee shall have such powers and authority as shall be specified by the Board of Directors.

#### ARTICLE X

##### DUES AND ASSESSMENTS

1. Annual Dues. The annual dues shall be Twenty-Four (\$24.00) Dollars per year, subject to such modification as a majority of the Directors may require, provided, however, that no increase above Ten (\$10.00) Dollars per year may be determined without two-thirds of the members approving such increase.

2. Payment of Dues. The first annual dues shall be payable on June 1, 1995 and all subsequent dues shall be paid on January 1 of every year thereafter during the period of such membership.

3. Special Assessments. Special assessments may be levied on members of the Association only by a vote of two-thirds of the majority of all members of the Association.

4. Default in Payment of Dues or Assessments.

(a) When any member shall be in default in the payment of dues or assessments for a period of one hundred twenty (120) days from the date on which such dues or assessments become payable, he shall, for purposes of voting, not be considered as a member in good standing, in addition, such member shall be dropped from active membership and placed on the inactive list. Such member shall not be reinstated until he has paid dues and assessments in full and until such time as such member is reinstated, he shall have no rights of any kind arising out of a membership in the Association.

(b) In addition to the foregoing, if any member shall fail to pay his dues or assessments as the same become due, after one hundred twenty (120) days written notice of such delinquency given by the Association to such member, the amount of the unpaid dues and assessments shall become a lien on such member's lot or residential unit in the Subdivision in favor of the Association, and the Association shall have the right to record a notice of claim of lien, and proceed thereon in accordance with the provisions of the Michigan Compiled Laws for the foreclosure and enforcement of mechanic's liens; or, in the event the Association shall not record a lien, it shall have the right to commence an in personam action against such member for the collection of the unpaid dues and assessments in any court of competent jurisdiction in accordance with the provisions of the Michigan Compiled Laws.

5. Assignment of Dues. In the event any member whose dues are paid shall, during the year in which such dues are paid, terminate his membership by sale of his lot or residential unit in the Subdivision, he shall be entitled to assign to the buyer of such lot or residential unit the benefit of the paid up dues. Any such buyer can acquire the benefit of such paid up dues by becoming a member of the Association on the payment of a fee of Ten (\$10.00) Dollars, without the necessity of paying prorata dues to the end of the year.

#### ARTICLE XI

##### RULES AND REGULATIONS

The Board of Directors shall adopt such rules and regulations as may be necessary or appropriate for the accomplishment of the purposes of the Association. Such rules and regulations shall become effective when approved by a two-thirds vote of the members of the Association, and when so approved shall become a part of these By-Laws.

#### ARTICLE XII

##### LITIGATION

The requirements of this Article XII shall govern the Association's commencement and conduct of any civil action except for actions to enforce the By-Laws of the Association or collect delinquent assessments. The requirements of this Article XII will ensure that the members of the Association are fully informed regarding the prospects 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 member of the Association shall have standing to sue to enforce the requirements of this Article XII. The following procedures and requirements apply to the Association's commencement of any civil action other than in action to enforce the By-Laws of the Association or collect delinquent assessments:

(a) The Association's Board of Directors ("Board") shall be responsible in the first instance for recommending to the members that a civil action be filed, and supervising and directing any civil actions that are filed.

(b) Before an attorney is engaged for purposes of filing a civil action on behalf of the Association, the Board shall call a special meeting of the members of the Association ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The written notice to the members of the date, time and place of the litigation evaluation meeting shall be sent to all members 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:

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

(-a-) It is in the best interest of the Association to file a lawsuit;

(-b-) That at least one Board member has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the Association without success;

(-c-) Litigation is the only prudent, feasible and reasonable alternative; and

(-d-) The Board's proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative.

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

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

(-b-) The name and address of every condominium and/or 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.

(3) 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.

(4) 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.

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

(6) The amount to be specially assessed against each lot in the Subdivisions to fund the estimated cost of the civil action both in total and on a monthly per lot basis, as required by subparagraph (f) of this Article XII.

(c) If the lawsuit relates to the condition of any of the Common Areas of the Subdivisions, the Board shall obtain a written

independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Areas, 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 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 consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Areas 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 members of the Association have a realistic appraisal of the condition of the Common Areas, the likely cost of repairs to the replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all members with the written notice of the litigation evaluation meeting.

(d) 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 agreement unless the existence of the agreement is disclosed to the members in the text of the Association's written notice to the members of the litigation evaluation meeting.

(e) At the litigation evaluation meeting the members shall vote on whether to authorize the Board 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 the Association By-Laws or collect delinquent assessments) shall require the approval of two-thirds majority in number and in value. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting.

(f) All legal fees incurred in pursuit of any civil action that is subject to this Article XII shall be paid by special assessment of the members of the Association ("litigation special assessment"). The litigation special assessment shall be approved at the litigation evaluation meeting (or at any subsequent duly called and noticed meeting) by a majority in number and in value of all members of the Association in the amount of the estimated total cost of the civil action. If the litigation attorney proposed by the Board is not retained, the litigation special assessment shall be in an amount equal to the retained attorney's estimated total cost of the civil action, as estimated by the attorney actually retained by the Association. The litigation special assessment shall be apportioned to the members in accordance with their respective percentage of the value interests in the Subdivisions and shall be collected from the members 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)

the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the members, the Board shall call a special meeting of the members to review the status of the litigation, and to allow the members 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.

(j) The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action subject to this Article XII ("litigation expenses") shall be fully disclosed to members in the Association's annual budget. The litigation expenses for each civil action subject to this Article XII shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget.

(k) This Article XII may be amended, altered or repealed by a vote of not less than 66-2/3% of all members of the Association.

### ARTICLE XIII

#### AMENDMENTS

Except as provided in Articles XI and XII, these By-Laws may be amended or repealed, or new By-Laws may be made and adopted, at any annual, regular or special meeting of the members of the Association, by a majority vote of all the members entitled to vote, provided that notice of intention to amend shall have been contained in the notice of the meeting.