OAKRIDGE CONDOMINIUM

BYLAWS

These bylaws ("Bylaws") constitute the Condominium bylaws referred to in the Master Deed and required by Section 3(9) of the Act. They are also the bylaws of the Association provided for under the Michigan Nonprofit Corporation Act. Only an Owner is entitled to membership in the Association, and the Owner's share in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to the 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 Owners, prospective purchasers, mortgagees and prospective mortgagees of Units in the Condominium. All Owners in the Condominium and all persons using or entering upon or acquiring any interest in any Unit or the Common Elements shall be subject to the provisions and terms of the Condominium Documents.

ARTICLE I

BYLAW PROVISIONS MANDATED BY SECTION 54 OF THE ACT

Section 1. Administration of the Affairs of the Condominium. The management, maintenance, operation and administration (collectively the "Administration") of the Condominium shall be undertaken by the Association in accordance with the Condominium Documents and the laws of the State of Michigan. The Association shall keep books and records with a detailed account of the expenditures and receipts affecting the Condominium and its Administration, including the operating expenses of the Condominium.

Section 2. Personal Property Assessments and Taxes. The Association shall be assessed as the person in possession of any Common Elements which are tangible personal property, and taxes of that tangible personal property shall be treated as expenses of Administration.

Section 3. Destruction of Buildings Within the Condominium. See Article V for provisions relating to partial or complete destruction of buildings within the Condominium.

Section 4. Expenditures and Receipts. Pursuant to Section 54(4) of the Act, expenditures affecting the Administration of the Condominium shall include costs incurred in the satisfaction of any liability arising with, caused by, or connected with, the Common Elements or the Administration of the Condominium, and receipts affecting the Administration of the Condominium shall include all sums received as the proceeds of, or pursuant to, a policy of insurance securing the interest of the Owners against liabilities or losses within, caused by, or connected with the Common Elements or the Administration of the Condominium.

Section 5. Annual Distribution of Financial Statement. The Association shall prepare and distribute to each Owner at least annually a financial statement, the content of which shall be defined by Association from time to time.

Section 6. Indemnification of Directors of the Association. See Article XVII for provisions dealing with indemnification of members of the Board of Directors.

Section 7. Allocation of Votes Among Members. Each Unit shall be entitled to one vote at any meeting of the membership. See Article X, Section 1.

Section 8. Arbitration of Disputes. See Article III for provisions dealing with arbitration of disputes.

ARTICLE II

ASSESSMENTS

All expenses of Administration of the Condominium by the Association shall be paid through assessments levied by the Association against the Units and Owners in accordance with the following provisions:

Section 1. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a) General Annual Assessment. The Association shall establish an annual budget in advance for each fiscal year. The budget shall project all Condominium all expenses for the forthcoming year which may be required for the proper Administration of the Condominium, including a reasonable allowance for contingencies and reserves. The budget shall also include 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 1(d) below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10) percent of the Association's current annual budget on a noncumulative basis. The Association shall at least annually review and analyze the repair and replacement schedule to determine if reserves will be sufficient to meet anticipated expenses for repair and replacement. Upon adoption of the annual budget by the Association, a copy of the adopted budget shall be delivered to each Owner. The assessment obligation for each Owner for the coming fiscal year shall be based upon the approved budget, with each Owner being obligated for a portion of the total budgeted expenses equal to his/her percentage ownership in the Condominium. This amount shall be deemed levied and shall constitute a lien against the Owner's Unit as of the first day of the fiscal year to which the assessment relates. Failure to deliver a copy of the budget to each Owner shall not affect or in any way diminish the lien or the liability of any Owner for any existing or future assessments. Should the Association at any time decide in its sole discretion: (1) that the general assessments levied are or may possibly be insufficient to pay the costs of Administration of the Condominium, or to provide replacement of existing Common Elements, or to provide additions to the Common Elements not exceeding $2,500.00 annually for the entire Condominium, or, (2) that an emergency exists, the

Association shall have the authority to amend the budget and thereby increase the general assessment, with authority to levy the additional assessment through the balance of the fiscal year. Each Owner shall be obligated for a portion of the increased assessment equal to his/her percentage ownership in the Condominium, which amount shall be deemed levied and shall constitute a lien against the Owner's Unit as of the date of adoption of the amended budget. The Association also shall have the authority, without Owner consent, to levy assessments pursuant to the provisions of Article V, Section 4. The discretionary authority of the Association to levy assessments pursuant to this subsection shall rest solely with the Association for the benefit of its members, and shall not be enforceable by any creditor of either the Association or its members.

(b) Special Assessments. Assessments, in addition to those required or permitted in subsection (a) above, may be made by the Association from time to time to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements at a cost exceeding $2,500.00 annually for the entire Condominium, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 below, (3) assessments for any other appropriate purpose. Assessments referred to in this subsection (b) shall not be levied without the prior approval of Owners of more than sixty (60) percent of all of the Units comprising the Condominium. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and its members and shall not be enforceable by any creditor of either the Association or its members. Each Owner shall be obligated for a portion of the special assessment equal to his/her percentage ownership in the Condominium, which amount shall be deemed levied and shall constitute a lien against the Owner's Unit as of the date of adoption of the special assessment.

(c) Limitations on Assessments for Litigation. Notwithstanding the provisions of Section 1(a) and Section 1(b) above or any other provision of the Condominium Documents to the contrary, the Association shall not have authority to levy an assessment for, or to incur any obligation for legal fees with respect to any litigation, without the prior approval by affirmative vote, of the Owners of a least sixty-six and two thirds percent (66 2/3%) of all of the Units comprising the Condominium, except in cases where litigation is commenced by the Association to enforce collection of delinquent assessments pursuant to Article II, Section 7 of these Bylaws.

(d) Payment of Assessments. Annual general assessments as determined in accordance with Article II, Section 1(a) above shall be payable by Owners in monthly installments, in advance, as of the first day of each month during the fiscal year. Special assessments levied under the provisions of Article II, Section 1(b) above shall be paid on such terms and conditions as are established at the time of adoption of the special assessment. If a provision is made for the payment of special assessments in installments, the unpaid portion of the special assessment outstanding from time to time may bear interest at a rate not to exceed 7% per annum, as determined by the Association.

Section 3. [OMITTED]

Section 4. Penalties for Default. The payment of any installment of any assessment shall be in default if any amount due (including the interest portion of any special assessment payable in installments) is not paid to the Association by the date the payment is due. A late charge not to exceed twenty-five ($25.00) dollars may be assessed automatically by the Association for each installment not paid in full within ten (10) days after its due date. Each delinquent installment and/or related late charge which is not paid by the time the next regular monthly installment falls due shall constitute a separate delinquency for each month that it remains unpaid and is subject to the continuing assessment of separate additional late charges for each month during which the default continues. This late charge maximum may be increased from time to time by action of the Board of Directors which increase shall be effective unless revoked by vote of the members at a duly convened meeting of the Association. The Association may levy fines for late payment of assessments in addition to the late charge. The Owners of each Unit shall be, and remain, personally and jointly and severally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to the Owner's Unit which are levied while the Owner is the owner of the Unit, and in the case of a land contract purchaser from any Owner including Developer, each land contract purchaser shall also be personally and jointly and severally liable for amounts first becoming due on or after the date of the land contract. Payments received by the Association from any Owner shall be applied to the following attributable to the Owner and the Unit owned by the Owner: first to the expenses of collection and enforcement of payment, including reasonable attorneys' fees; second, to any amounts advanced by the Association to protect its interest; third, to any late charges and fines for late payment on the installments; fourth, to the interest portion of any special assessment payable in installments; fifth to any annual assessments in order of their due dates; and, sixth to the principal portion of any special assessments, and, if payable in installments, in order of their due dates.

Section 5. Liens for Unpaid Amounts. Sums assessed by the Association which remain unpaid, including but not limited to annual assessments, special assessments, late charges, amounts advanced by the Association to protect its interest, interest charges and fines for late payment, shall constitute a lien upon the Unit owned by the Owner at the time of the assessment and upon the proceeds of sale of the Unit, and shall be prior to any, other liens on the Unit other than real property taxes and mortgages recorded prior to any notice of lien being recorded by the Association. All charges which the Association may levy against any Owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act.

Section 6. Waiver of Use or Abandonment of Unit. No Owner may exempt himself or herself from liability for Owner's contribution toward the expenses of Administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of Owner's Unit.

Section 7. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may secure an injunction, enforce collection of delinquent assessments and related charges by a suit at law for a money judgment or by foreclosure of the lien that secures payment of assessments pursuant to the Condominium Documents and the Act, either by judicial action or by advertisement. A suit for money damages does not waive any rights the Association has under a lien filed by the Association as hereinafter provided. In the event of default by any Owner in the payment of any installment of an annual assessment or special assessment levied against

Owner's Unit, the Association shall have the right to declare all unpaid installments of any special assessment immediately due and payable. The Association also may discontinue the furnishing of any Utilities or other services to an Owner in default upon seven (7) days written notice to the Owner of its intention to do so. An Owner in default shall not be entitled to utilize any of the General Common Elements of the Condominium and shall not be entitled to vote at any meeting of the Association so long as the default continues; provided, however, this provision shall not operate to deprive any Owner of ingress or egress to and from the Owner's Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Owner thereof or any persons claiming under Owner. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article VII, Section 4 and Article VIII of these Bylaws. All of these remedies shall be cumulative.

(b) Foreclosure Proceedings. Each 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 lien securing payment of assessments either by judicial action or by advertisement in accordance with the provisions of Section 108 of the Act. Further, each 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 to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of the sale in accordance with the priorities established by applicable law. Each Owner of a Unit acknowledges that at the time of acquiring title to the Unit, he or she was notified of the provisions of this subsection and that he or she voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing prior to the sale of the Unit. If foreclosure occurs, and if the Owner or other person with an interest in the Unit redeems from the foreclosure, there shall be added to the price of redemption all amounts becoming due the Association by the Owner relating to the Owner's Unit, including installments of annual assessments, from the date of the foreclosure sale through the date of redemption. The period of redemption shall be six (6) months from the date of the foreclosure sale, unless the Unit is abandoned, in which event the redemption period shall be one (1) month from the date of the foreclosure sale.

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Owner at his or her last known address, a written notice of the default and the amount required to cure the default, and a statement that the Association may invoke any of its remedies under the Condominium Documents or under the Act if the default is not cured within ten (10) days after the date of mailing. In addition, if the Association elects to foreclose the lien by advertisement, the notice shall state such intention, and shall inform the Owner that he or she may request a judicial hearing by bringing suit against the Association. The written notice shall be accompanied by an affidavit of an authorized representative of the Association setting forth (1) the affiant's capacity to make the affidavit, (2) the statutory and other authority for the lien, (3) the amount outstanding (with a separate statement of amounts due for interest, attorney fees, late charges, fines for late payment, accelerated future assessments, and any other amounts), (4) the legal description of the Unit, and (5) the name of the Owner of record. The affidavit shall be recorded in the office of the Eaton County Register of Deeds prior to commencement of any foreclosure proceeding, but need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-day period, the Association may take the remedial action as may be available to it under the Condominium Documents, the Act, and other relevant Michigan law.

(d) Expenses of Collection. The expenses incurred in collecting unpaid assessments, and other amounts for which the Association has a lien under the provisions of Section 5, above, plus actual reasonable attorney fees, as well as advances for taxes or other items paid by the Association to protect its lien, shall be chargeable to the Owner in default and shall be secured by the lien on the Owner's Unit under the provisions of Section 5, above. In any suit by the Association against an Owner on account of a default by the Owner, the Association shall be entitled to recover the costs of the proceeding and actual reasonable attorney fees, provided the Association is successful in the litigation.

Section 8. Statement as to Unpaid Assessments. Upon at least five day's prior 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 to the purchaser of any Unit of the unpaid assessments, interest, late charges, fines, costs and other fees as may exist, or a statement that none exist, which statement shall be binding upon the Association.

Section 9. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage encumbering a Unit in the Condominium which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue after the recording of the mortgage.

Section 10. 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 11. Personal Property Tax Assessment of Association Property. See Article I, Section 2.

Section 12. Construction Lien. A construction lien 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

ARBITRATION AND JUDICIAL RELIEF

Section 1. Scope of Election. Any dispute, claim, or grievance arising out of or relating to the interpretation or the application of the Condominium Documents, or arising among or between the Owners (collectively "Dispute") shall be submitted to arbitration, and the parties to the Dispute shall accept the arbitrator's decision as final and binding, upon the election and written consent of the parties to the Dispute and upon written notice to the Association. The commercial arbitration rules of the American Arbitration Association as amended and in effect from time to time shall be applicable to any the arbitration. Written consent to arbitration shall be a bar to judicial resolution of the Dispute encompassed within the written consent.

Section 2. Judicial Relief. In the absence of the written consent of the parties pursuant to Section 1 above, no Owner or the Association shall be precluded from seeking judicial resolution of any Dispute.

ARTICLE IV

INSURANCE

Section 1. Liability Insurance. The Association shall procure liability insurance, and worker's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements.

Section 2. Insurance of Common Elements and Fixtures. All Common Elements of the Condominium shall be insured by the Association against fire, malicious mischief, vandalism and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total Condominium destruction if the insurance proceeds failed, for some reason, to be equal to the total cost, of replacement). All information in the Association's records regarding insurance coverage shall be made available to all Owners upon request and reasonable notice during normal business hours so that Owners shall be enabled to judge the adequacy of coverage. Upon the annual re-evaluation and effectuation of coverage, the Association shall notify all Owners of the nature and extent of all changes in coverages. Such coverage shall also include interior walls within any Unit and the pipes, wire, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accord with the plans and specifications on file with the City of Charlotte (or the replacements thereof as do not exceed the cost of the standard items).

Section 3. Insurance on Owner's Unit and Certain Limited Common Elements. It shall be each Owner's responsibility to determine the necessity for and to obtain insurance coverage for all fixtures, equipment, trim and other items or attachments within the Unit, or any Limited Common Elements appurtenant which were installed in addition to the standard items (or as replacements for the standard items to the extent that replacement cost exceeded the original cost of the standard items) whether installed originally by Developer or subsequently by the Owner, and the Association shall have no responsibility whatsoever for obtaining the coverage unless agreed specifically and separately between the Association and the Owner in writing.

Section 4. Owner's Contents and Liability Insurance. It shall be the responsibility of each Owner to properly insure all tangible personal Property of Owner located within the Owner's Unit or elsewhere within the Condominium, as well Owner's personal liability for occurrences within the Owner's Unit or elsewhere within the Condominium, and also for alternative living expense in event of fire. If the Owner has made improvements or modifications to the Unit authorized under Section 47a of the Act for persons with disabilities who reside in or regularly visit the Unit, the liability policy shall specifically include coverage for personal injury caused by or related to any of these improvements or modifications ("Special Coverage"), and the Owner shall name the Association as an additional insured on the policy, and provide a certificate of coverage to the Association, which shall include a statement that the policy will not be cancelled except on at least ten (10) days prior written notice to the Association. The Association shall have no responsibility for obtaining any coverage required by the provisions of this Section 4. Other than the nature, adequacy and extent of the Specific Coverage, it shall be the responsibility of each Owner to determine the nature, adequacy and extent of these insurance coverages.

Section 5. Premium Expenses. All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of Administration.

Section 6. Responsibilities of Owners and Association. All the insurance purchased by the Association shall be purchased for the benefit of the Association, and the Owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. The Association, as to all policies which it obtains, and all Owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance policies contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Owner or the Association.

Section 7. Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, and the Owners and their mortgagees, as their interests may appear provided, however, whenever repair or reconstruction or the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to the repair or reconstruction.

Section 8. Authority of Association to Settle insurance Claims. Each Owner, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as the Owner's true and lawful attorney-in-fact to act in connection with all matters concerning the purchase of, and making claim for loss on, fire and extended coverage, vandalism and malicious mischief, liability insurance and workers' compensation insurance, if applicable, purchased by the Association and pertinent to the Condominium, the General Common Elements and the Owner's Unit. Without limiting the generality of the foregoing, the Association shall have full power and authority to purchase and maintain the insurance, to collect and remit premiums therefor, to make claims for loss, to collect and distribute proceeds to the Association, the Owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of the Owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing,

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Determination to Reconstruct or Repair. If any part of the Condominium is damaged, the determination of whether it shall be reconstructed or repaired shall be made in the following manner:

(a) Partial Damage. If the damaged property is a Common Element, or a Unit, which despite the damage is habitable, the damaged property shall be rebuilt or repaired unless the Owners of at least 80% of the Units in the Condominium affirmatively vote within twenty (20) days after the occurrence of the damage to terminate the Condominium, in which event the Condominium shall be terminated.

(b) Total Destruction. If the Condominium is damaged to the extent that no Unit is habitable, the damaged property shall not be rebuilt unless the Owners of at least 80% of the Units in the Condominium agree, either by vote or in writing within ninety (90) days after the occurrence of the damage, to reconstruct the Condominium, in which event the damaged property shall be reconstructed as promptly as possible.

Section 2. Repair in Accordance with Plans and Specifications. All reconstruction and repair shall be substantially in accordance with the physical features of the Condominium existing prior to the destruction of the Condominium, which shall be deemed to be the physical features as set forth in the Condominium Documents, as amended.

Section 3. Owner Responsibility for Repair. Each Owner shall be responsible for the Repair of the interior of the Owner's Unit, except those portions for which the Association is obligated to maintain insurance as provided in Article IV, Section 1(a), the reconstruction or repair of which shall be the responsibility of the Association under the provisions of Section 4 below.

Section 4. Association Responsibility for Repair. The Association shall be responsible for the Repair of the Common Elements, and for any portion of the interior of a Unit for which the Association is obligated to maintain insurance as provided in Article IV, Section 1(a). Immediately after the occurrence of a casualty causing damage to property for which the Association has the responsibility of Repair, 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 Repair required to be performed by the Association, or if at any time during the Repair, or upon completion of the Repair, the funds for the payment of the cost of the Repair are insufficient, special assessment shall be made against all Owners for the unfunded cost of the Repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 5. Timely Reconstruction and Repair. The Association or Owner responsible for the Repair of the damaged property shall commence the Repair without unreasonable delay, and shall continue the Repair without unreasonable uninterrupted until completion.

Section 6. Eminent Domain. Section 133 of the act and the following provisions shall control upon any taking by eminent domain:

(a) Taking of Unit. In the event of any taking of a Unit by eminent domain, the award for the taking shall be paid to the Owner of the Unit and the mortgagee thereof, as their interests may appear. After payment of the award to the Owner and the Owner's mortgagee, they shall be divested of all interest in the Condominium.

(b) Taking of Common Elements. If there is any taking of any portion of the Condominium other than a Unit, the condemnation proceeds relative to the taking shall be paid to the Owners and their mortgagees in proportion to their respective interests in the Common Elements.

(c) Continuation of Condominium After Taking. In the event the Condominium continues after taking by eminent domain, then the remaining portion of the Condominium shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect the taking and to proportionately readjust the percentages of value of the remaining 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 Association without the necessity of execution or specific approval thereof by any Owner.

(d) Notification of Owners and Mortgagees. In the event any Unit or any portion of the Common Elements 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 shall promptly notify all Owners in the Condominium and each institutional holder of a first mortgage lien on any of the Units.

Section 7. Notification of FHLMC and FNMA. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, upon request therefor by FHLMC, or FNMA as the case may be, the Association shall give it written notice at the address as it may, from time to time, direct of any loss to or taking of the Common Elements if the loss or taking exceeds $10,000 in amount, or damage to a Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds $1,000.

Section 8. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give an Owner or any other party priority over any rights of first mortgagees of Units pursuant to the mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

ARTICLE VI

RESTRICTIONS

All Units shall be held, used and enjoyed subject to the following limitations and restrictions, which are binding on all Owners, and which are imposed to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development:

Section 1. Residential. No Unit shall be used for other than single-family residential purposes in compliance with the ordinances of the City, and the Common Elements shall be used only for purposes consistent with single-family residential use.

Section 2. Leasing and Rental.

(a) Right to Lease. Other than occupancy by the Owner of the Unit and members of the Owner's immediate family, no Unit or any portion of a Unit may be occupied by any person for a period of more than thirty (30) consecutive days unless under a written lease the initial term of which is at least six (6) months ("Lease/Rental Agreement"). Each Lease/Rental Agreement shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents, and shall contain a specific provision that the tenant agrees to comply with all requirements of the Condominium Documents relating to use and occupancy of Units and Common Property within the Condominium.

(b) Lease/Rent Procedures. The Lease/Rent of Units in the Condominium shall conform to the following provisions and the provisions of Section 112 of the Act:

(i) Any Owner, including Developer, desiring to Lease/Rent a Unit, shall disclose that fact in writing to the Association and, at the same time, shall supply the Association with a copy of the exact Lease/Rental Agreement form for its review for its compliance with the Condominium Documents. The form provided to the Association shall include the name and address of the potential tenant, the rental amount and rental due dates, as well as the beginning and ending date of the lease term and any renewal options. A copy of the fully executed Lease/Rental Agreement shall be provided to the Association within ten (10) days after the tenant takes possession of the Unit.

(ii) No tenant shall take possession or occupy any portion of an Owner's Unit until at least ten (10) days after the Association has been provided with the information required under the provisions of subsection (b)(1) above.

(iii) Tenants shall comply with all of the conditions of the Condominium Documents.

(iv) If the Association determines that any person is occupying a Unit in violation of the provisions of subparagraphs (b)(1), (2) or (3) above, the Association shall take the following action:

(a) The Association shall notify the Owner by certified mail as required by the Act advising of the alleged violation. In view of the fact that certified mail is often undelivered to the addressee, the Association may serve the notice by personal delivery or first class regular mail in addition to certified mail.

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

(c) If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute an action for eviction against the person occupying the Unit and simultaneously for money damages in the same action against the Owner. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the person occupying the Unit and the Owner liable for any damages to the Common Elements caused by the person in possession.

(v) When an Owner is in arrears, to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying an Owner’s Unit under a Lease/Rental Agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Owner the arrearage and future installments of assessments as they fall due and pay them to the Association. The deductions do not constitute a breach of the Lease/Rental Agreement by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Owner to the Association, then 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 proceedings.

Section 3. Alterations and Modifications. No Owner shall make alterations in exterior appearance or make structural modifications to the Owner’s Unit (including interior walls through or in which there exists easements for support of utilities) or make changes in any of the Common Elements without the express written approval of the Association, including without limitation exterior painting or the erection of antennas of any sort, lights, aerials, awning, doors, shutters, or other exterior attachments or modifications. The Association may establish policies or adopt rules and regulations from time to time which observe applicable federal communications laws but which are designed to limit dish antennas or similar devices to the greatest extent possible for aesthetic reasons. No Owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves, or any other fixture or apparatus that must be accessible to service the Common Elements. Should access to any facilities of any sort be required, the Association (on behalf of itself or any Owner) may remove or cause to be removed any coverings or attachments of any nature that restrict the access and will have no responsibility for repairing, replacing or reinstalling any materials that are damaged in the course of gaining the access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access. However, if the

Association determines that it is in the best interest of the Owners of the Condominium to repair; replace or reinstall any materials that are damaged, the Association may do so, the cost of which shall be immediately due from the Owner of the Unit upon presentation of an invoice for the cost of the labor and materials. The preceding provisions of this Section 3 are not intended in any manner to supercede the provisions of 47a of the Act, as they now exist and may be hereafter amended, which allow for Improvements and modifications to Common Elements by an Owner, at his or her expense, to facilitate access to or movement within the Unit owned by the Owner for persons with disabilities who reside in or regularly visit the Unit. All improvements or modifications permitted under Section 47a of the Act shall not be installed without the plans and specifications being submitted to and approved by the Association under the provisions of Section 47a(4) of the Act, and once approved, shall be installed, Repaired, insured, and removed as required by Section 47a of the Act.

Section 4. Activities. No 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 Owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Owner shall do or permit anything to be done, or keep or permit to be kept in the Owner's Unit or on the Common Elements, anything that will increase the rate of insurance on the Condominium without the prior written approval of the Association, and each Owner shall pay to the Association the increased cost of insurance premiums resulting from any the activity or the maintenance of any the condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 5. Pets. No animals other than ordinary domesticated pets shall be maintained by any Owner within any portion of the Condominium. No the pet may be kept or brought into any portion of the Condominium (other than fish and small caged birds) unless the Owner obtains written approval for the pet from the Association and, in furtherance thereof, signs and files a separate pet application, agreement and registration on the form as the Association may require as a basis for obtaining the approval. No animal may be kept or bred for any commercial purpose and shall be cared for and restrained so as not to be obnoxious or offensive on account of noise, behavior, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and all animals shall at all times be leashed and attended by a responsible person while on the Common Elements. The Association has the right to catch and turn over to the local animal control agent or animal shelter any pet running loose or left unattended on the Common Elements, without liability of any sort to the owner of the pet. Each Owner who causes any animal to be brought to or kept upon any portion of the Condominium shall indemnify and hold harmless the Association and the individual Owners for any loss, damage or liability which the Association or any individual Owner may sustain as the result of the presence of the animal on the Condominium, even though the Association may have given its written approval for the pet. Each Owner shall be responsible for immediate collection and disposal of the Owner's pet's fecal matter. The Association may charge all Owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines the assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association shall have the right to adopt reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Association may assess fines for the violation. These fines shall be immediately due when imposed, and if not paid within ten (10) days after notice of the fine is given to the Owner of the pet, the collection and enforcement of the fine shall may be undertaken, with costs and expense imposed, and a lien created and foreclosed, in the same manner as provided in Article II. In addition, the Association may require offensive pets to be temporarily or permanently removed from the Condominium. Under no circumstances shall the Association be responsible to any Owner or Owner's family, guest, employee or agent for any enforcement of or alleged or actual failure to enforce the provisions of this Section. Reasonable exceptions to pet regulations shall be made by the Association to accommodate animals for handicapped persons.

Section 6. <u>Aesthetics</u>. 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 duly adopted rules and regulations of the Association. No unsightly condition shall be maintained on any porch or deck, and only furniture and equipment consistent with the normal and reasonable use of the areas shall be permitted to remain there during seasons when the areas are reasonably in use. No furniture or equipment of any kind shall be stored on any porch or deck during seasons when the areas are not reasonably in use. Trash receptacles shall be maintained only in areas designated by the Association, and shall not be permitted elsewhere on the Common Elements except for short periods of time as may be reasonably necessary to permit periodic collection of trash. All Owners shall comply strictly with any recycling requirements of the Association and any public agency having jurisdiction. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by an Owner, either in the Owner's Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium. All drapery linings or other window treatment backings visible from the exterior of a Unit shall be white, off-white or otherwise neutral in color.

Section 7. <u>Vehicles</u>. No house trailers, RVs, commercial vehicles, boat trailers, boats, personal watercraft, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or other vehicles, other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored upon the premises of the Condominium, except as specifically permitted by the Association in writing. No inoperable vehicles of any type may be brought or stored within the Condominium either temporarily or permanently. All automobiles and vehicles used primarily for general personal transportation purposes shall be parked overnight in the Owner's garage, although if there are more than two of such vehicles, the number of vehicles in excess of two may be parked overnight on the driveway. Each garage door shall remain shut except at the time as entry or exit necessitates its being open. Commercial vehicles and trucks shall not be parked in or about the Condominium except for those times when deliveries or pickups are being made in the normal course of business. Owners shall, if the Association requires, register with the Association all vehicles maintained on the Condominium Premises. Use of motorized vehicles anywhere within the Condominium, other than as provided in this Section 7, is absolutely prohibited. The

Association may adopt rules and regulations from time to time limiting the numbers of vehicles which may, be maintained on the Condominium Premises and/or specifically limiting the areas in which vehicles may be parked.

Section 8. Advertising. No signs or other advertising devices of any kind shall be displayed within a Unit which are visible from the exterior of a Unit. Only the Association has the right to maintain signs or other advertising devises on the Common Elements, including the Limited Common Elements appurtenant to a Unit, the sole exception being that a Owner shall be entitled to maintain one “For Sale” sign advertising the sale of the Unit in the front yard of the Unit.

Section 9. Rules and Regulations. It is intended that the Association, acting through its Board of Directors, may make rules and regulations from time to time to reflect the needs and desires of the majority of the Owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements maybe made and amended from time to time by the Board of Directors. Copies of the rules and regulations shall be furnished to all Owners.

Section 10. Right of Access of Association. The Association and its agents shall have access to each Unit and any Limited Common Elements appurtenant from time to time, during reasonable working hours, upon notice to the Owner of the Unit, as may be necessary for the Repair of any of the Common Elements. The Association and its agents shall also have access to each Unit and any Limited Common Elements appurtenant at all times without notice, in the case of an emergency, as may be necessary for the Repair of any of the Common Elements, and as may be necessary to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each Owner to provide the Association means of access to the Owner’s Unit and any Limited Common Elements appurtenant during all periods of absence, and in the event of the failure of the Owner to provide means of access, the Association may gain access in any manner reasonable under the circumstances and shall not be liable to the Owner for any damage to the Owner’s Unit or to any Limited Common Elements appurtenant to the Unit caused by the entry.

Section 11. Landscaping and Planting. The Owner of each Unit shall have the exclusive right to plant, and if planted, the obligation to maintain (a) annuals and perennials in the established landscape beds around the Owner’s Unit, and (b) annuals and perennials in containers to be placed on the porch and deck appurtenant to the Owner’s Unit. However, beyond this, no Owner shall perform any landscaping or plant any trees, shrubs, flowers or other plants, or place any containers, ornamental materials or planting structures upon the Common Elements. In addition to the foregoing, the Association, shall have the right to designate a one or more portions of the lawn areas of the Condominium Premises as a “community garden” which all Owners shall be entitled use subject to rules and regulations established by Developer and the Association.

Section 12. Use of Limited Common Elements. Driveways and other Limited Common Element appurtenant to each Unit shall not be used for purposes other than that for what they are reasonably and obviously intended. No personal property of any sort including, without limitation, bicycles, vehicles, or other obstruction, may be left unattended on or about the Limited Common Elements, other than furniture, equipment and other furnishing in good condition and repair of a nature intended for deck and porch use may be placed and used on porches and decks. The Association may promulgate rules and regulations as to the nature and extent of furniture, equipment, other furnishings and decorations which may be utilized on porches and decks, as well as decorations on the exterior of the Units and within and on the Limited Common Elements appurtenant to each Unit. No supplies or other materials maybe stored on decks, porches or outdoors on the Limited Common Elements.

Section 13. <u>Owner Maintenance</u>. Each Owner shall maintain the Owner's Unit and any Limited Common Elements appurtenant for which he or she has maintenance responsibility in a safe, clean and sanitary condition. Each Owner shall also use due care to avoid damaging any of the General Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other General Common Elements in any Unit which are appurtenant to or which may affect any other Unit. Each Owner shall be responsible for damages or costs to the Association resulting from the use or misuse of any of the Common Elements by the Owner, or the Owner's family, guests, tenants, agents or invitees, unless the damage is covered by insurance carried by the Association (in which case there shall be no the responsibility unless reimbursement to the Association is limited by virtue of a deductible, in which case the Owner shall be responsible for the amount of the deductible). Any costs or expense incurred by the Association in this regard may be assessed to the Owner in the manner provided in Article II hereof.

ARTICLE VII

REMEDIES FOR DEFAULT

Section 1. <u>Violation of Restrictions</u>. Any default by an Owner in the terms or conditions of the restrictions imposed by the provisions of Article VI, or elsewhere in the Condominium Documents, or in any rule or regulation established by the Association, shall entitle the Association (and any Owner except where specifically limited) to the following relief:

(a) all legal and equitable relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, or any combination thereof, and the relief may be sought by the Association or, if appropriate, by an aggrieved Owner or Owners;

(b) recovery of all costs and expense incurred by the party enforcing the restrictions, including actual reasonable attorneys' fees;

(c) the right of the Association to enter upon the Common Elements or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Owner arising out of the exercise of its removal and abatement power authorized herein; and,

(d) imposition of monetary fines by the Association under the provisions of Article VIII below.

Section 2. Other Violations. The Association shall have all remedies described in Section 1 above of this Article VII for any other violation by any Owner of any provision of the Condominium Documents, or the rules and regulations of the Association.

Section 3. Non-waiver of Right. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any Owner to enforce the right, provision, covenant or condition in the future, or a waiver of the right of the Association or of any Owner to enforce any other right, provision, covenant or condition at any time.

Section 4. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Owner pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall be determined to be cumulative and the exercise of anyone or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising, the other and additional rights, remedies or privileges as may be available to the party at law or in equity.

Section 5. Enforcement of Provisions of Condominium Documents. An Owner may maintain an action against the Association and its officers and directors to compel them to enforce the terms and provisions of the Condominium Documents. In such a proceeding, if the Association is successful, the Association shall recover the cost of the proceeding and actual reasonable attorney fees as determined by the court.

ARTICLE VIII

ASSESSMENT OF FINES

Section 1. General. The violation by any Owner, or the Owner's tenant, family member, invitee or guest, or any other person within the Condominium with the permission or request of the Owner, of any of the provisions of the Condominium Documents, including any rules and regulations adopted by the Association, shall be grounds for assessment by the Association of monetary fines against the Owner. Prior to any fine being imposed, the procedures set forth in Section 2 below shall be followed.

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

(a) Notice. Notice of the alleged violation, together with a reasonable specific description of the factual nature of the violation, shall be sent by first class mail, postage prepaid, to the Owner at the address as shown in the notice required to be filed with the Association pursuant to Article X, Section 3 of these Bylaws. The notice shall also a date on which the Owner may appear before the Board of Directors to defend against the alleged violation.

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

(c) Default. Failure to appear or defend at the meeting of the Board of Directors specified in the notice constitutes a default by the Owner.

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

Section 3. Amounts. Upon, a determination of violation by the Board of Directors under the procedures of Section 2 above, the following fines shall be levied:

(a) First Violation. No fine shall be levied; provided, however, that each day during which a violation continues shall be deemed to be a separate violation and any uncured continuing violation shall be deemed to be a separate violation on each successive day of its continuation.

(b) Second Violation. Twenty-Five Dollar ($25.00) fine.

(c) Third Violation. Fifty Dollar ($50.00) fine.

(d) Fourth Violation and Subsequent Violations. One Hundred Dollar ($100.00) fine.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Owner and shall be due and payable together with the regular installment of Condominium assessments on the first of the next following month. Failure to pay the fine will subject the Owner to all liabilities set forth in the Condominium Document including, without limitations those described in Article II and Article VII of these Bylaws.

ARTICLE IX

MORTGAGES

Section 1. Notice of Association. Any Owner who mortgages the Owner's Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain the information in a book entitled "Mortgagees of Units." The Association shall, at the written request of a mortgagee of any Unit, report any unpaid assessments due from the Owner of the Unit.

Section 2. Insurance. The Association shall, at the written request of a mortgagee of any Unit, notify the mortgagee 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 the coverage.

Section 3. Notification of Meetings. The Association shall, at the written request of a mortgagee of any Unit, provide written notification of each meeting of the members of the Association. Each mortgagee shall be entitled to designate a representative to attend the meeting, but the representative shall not be entitled to vote, unless otherwise specifically authorized by the provisions of the Condominium Documents.

ARTICLE X

VOTING

Section 1. Vote. At meetings of the Association at which the members are entitled to vote, there shall be but one vote cast for each Unit, regardless of the number of persons owning the Unit. Voting rights are not based on the percentage ownership in the Condominium.

Section 2. Designation of Voting Representative. Each Owner of a Unit shall file a written notice with the Association designating the name and address of the individual representative who shall cast all votes on behalf of the Owner at meetings of the members and for ballot initiatives as provided below, such person to be known as the "Designated Voting Representative." The Designated Voting Representative will also receive all notices and other communications from the Association on behalf of the Owner. If more than one person holds an ownership interest in the Unit, the name and address of each Owner of each Unit, and the notice shall be signed and dated by all of the Owners. The DVR may be changed by the Owner at any time by filing a new notice in the manner herein provided. A separate notice shall be filed for each Unit.

Section 3. Eligibility to Vote. A Designated Voting Representative is ineligible to vote at any meeting of the membership or on any ballot initiative if any amounts due to the Association pertaining to the Unit are unpaid, if any of the Owners of the Unit have are in violation of any restriction imposed by the provisions of Article VI of these Bylaws, or if any of the Owners of the Unit are otherwise in default in observing any of the provisions of the Condominium Documents, or the rules and regulations adopted from time to time by the Association. A Designated Voting Representative shall be presumed to be eligible to vote unless a decision of ineligibility is made by the Board of Directors prior to or at the meeting of the membership at which the vote is to be cast.

Section 4. Quorum. The presence in person or by proxy of at least thirty five (35%) percent of the Designated Voting Representatives shall constitute a quorum for holding a meeting of the members of the Association, except where the Condominium Documents specifically require a greater quorum. Notwithstanding the above, with respect to determining whether a quorum exists for any specific question on which a vote is to be taken at a meeting, a DVR shall be deemed to be present in person or by proxy if the DVR has furnished to the secretary of the Association at or prior to the meeting a written vote on the question, and is, in fact, not present at the meeting either in person or by proxy.

Section 5. Voting. Votes may be east only in person, or by proxy, or by a writing duly signed by the DVR not present at a given meeting in person. Proxies and any written votes must be signed and dated, and filed with the secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of any number in excess of 50% of Designated Voting Representatives present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association.

ARTICLE XI

MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at the other suitable place convenient to the Owners as may be designated by the Association. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 2. Annual Meeting. Annual meetings of members of the Association shall be held on the third Tuesday of May each year after the year in which the First Annual Meeting is held, at the time and place as shall be determined by the Association; 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 each annual meeting a Board of Directors shall be elected by ballot in accordance with the requirements of Article XIII of these Bylaws. The Owners may also transact other business of the Association at the annual meeting as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the president to call a special meeting of the Owners as directed by resolution of the Association or upon a petition signed by one-third (1/3) of the Designated Voting Representatives presented to the secretary of the Association. No business shall be transacted at a special meeting except as stated in the notice of the meeting.

Section 4. 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 DVR , at least ten (10) days but not more than sixty (60) days prior to the meeting. The mailing, postage prepaid, of a notice to the representative of each DVR at the address shown in the notice required to be filed with the Association by Article X, Section 3 of these Bylaws shall be deemed sufficient notice. Any DVR may, by written waiver of notice signed by the DVR, waive the notice, and the waiver, when filed in the records of the Association, shall be deemed due notice.

Section 5. Adjournment. If any meeting of Owners cannot be held because a quorum is not present, a majority of the Designated Voting Representatives who are present in person (but not those present by proxy or written vote) may adjourn the meeting to a date not less than two (2) days, nor more than seven (7) days after the date the original meeting was called. All proxies and written votes shall be valid for any adjourned meeting, unless any proxy or written vote specifically indicates otherwise.

Section 6. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (l) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing or removing directors or officers); (g) election or removal of directors (at annual meeting or special meetings held for the purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present in person at the meeting. For purposes of this Section, the order of seniority of officers shall be president, vice president, secretary and treasurer.

Section 7. 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 Designated Voting Representatives. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the DVR specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be accomplished upon receipt, within the time period specified in the solicitation, of (d) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (e) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 8. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy (or written vote, if applicable); and if, either before or after the meeting, each DVR not present in person or by proxy (or written vote, if applicable) signs a written waiver of notice, and consent to the action taken at the meeting. All the waivers and consents shall be filed with the corporate records or made a part of the minutes of the meeting.

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 the meeting that notice or the meeting was properly given shall be prima facie evidence that the notice was given.

ARTICLE XII

[OMITTED]

ARTICLE XIII

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. Except as provided in Section 2(a) and Section 2(b), the Board of Directors shall be comprised of no less than three (3) and no more than nine (9) members, each of whom must be a Designated Voting Representative. Directors shall serve without compensation.

Section 2. Election of Directors. The term of office of each director shall be two (2) years. The directors shall hold office until their successors have been elected.

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 as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Owners. Any action required by the Condominium Documents to be done by the Association shall he performed by action of the Board of Directors unless specifically required to be done by, or with the approval of, the Owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically to do 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 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 acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium owned by the Association, 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; provided, however, that any the action shall also be approved by affirmative vote of seventy-five (75) percent of all the Designated Voting Representatives of the Association.

(h) To make rules and regulations in accordance with Article VI, Section 9 of these Bylaws.

(i) To establish committees as it deems necessary, convenient or desirable for the purpose of implementing the administration of the Condominium, to appoint members (including non-director Owners) to serve on the committees, and to delegate to the 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 Developer or any person or entity related to Developer) at reasonable compensation established by the Board to perform the 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 the 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.

Section 6. Investigation and Assertion of Claims. In order to minimize the possibility of imprudent and/or excessively costly assertion of claims without notice to and decisional participation by Owners, the Board shall establish and follow thorough procedural guidelines for the investigation and assertion of claims on behalf of the Association in order to facilitate compliance with the provisions of Article II, Section 2(c) of these Bylaws. Such guidelines shall be directed to the orderly evaluation of claims in a manner and to a degree that will enable the Board to make an affirmative recommendation to the Owners regarding the claims. Prior to engagement of attorneys or experts for the evaluation of claims, and the levying of any special assessments therefor, the Board shall conduct its own evaluation and make recommendations to the membership at a special meeting held for that purpose at which the proposed undertakings shall be approved by sixty-six and two-thirds (66 2/3%) percent of all Designated Voting Representatives, prior to implementation by the Board. Modified undertakings involving material cost increases and ultimate commencement of formal proceedings for assertion of claims shall each require that the Board follow the same procedure for obtaining membership approval. At each meeting of the members for approval of investigation and evaluation of claims, commencement of proceedings and levying of assessments in connection therewith, the Board shall furnish a report to the members with notice of the meeting on the determinations, recommendations and findings of the Board together with other pertinent information including, without limitation: (a) the basis for the claims; (b) the professional credentials of attorneys and/or other experts to be engaged; (c) cost projections and proposed fee agreements with respect to the investigation, evaluation and prosecution of the claims; (d) reports as to prior and anticipated actions taken and to be taken and the timing thereof.

Section 7. Vacancies. Vacancies in the Board of Directors 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. Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association.

Section 8. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, anyone or more of the directors may be removed (except for any director which Developer is entitled to designate) with or without cause by the affirmative vote of more than fifty (50%) percent of all of the Designated Voting Representatives, and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling the vacancy shall be the thirty five (35%) percent requirement set forth in Article X, Section 4. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Developer may remove and replace any or all of the directors selected by it at any time or from time to time in its sole discretion. Likewise, any director selected by the non-developer 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 9. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at the place as shall be fixed by the directors at the meeting at which the directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute the meeting, providing a majority of the Board shall be present.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at the times and places as shall be determined from time to time by a majority of the directors, but at least two (2) the 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 the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called at the discretion of 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 at least two (2) directors.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing waive notice of the meeting and the waiver shall be deemed equivalent to the giving of the notice. Attendance by a director at any meeting of the Board shall be deemed a waiver of notice by the director 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 the meeting.

Section 13. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon 24-hour prior written notice delivered to all directors not present. At any the adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. Provided, however, that no quorum may be deemed to exist in absence of Developer's designee(s) on the Board without the express consent of the designee(s). The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of the director for purposes of determining a quorum.

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 the bonds shall be expenses of administration.

ARTICLE XIV

OFFICERS

Section 1. Officers. The principal officers of the Association shall be a president, a vice president, a secretary and a treasurer. All officers shall be elected members of the Board of Directors. The directors may appoint an assistant treasurer, and an assistant secretary, and the other officers as in their judgment may be necessary. Any two offices except that of president and vice president may be held by one person.

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

(b) Vice President. The vice president shall take the place of the president and perform 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 the other duties as shall from time to time be designated by the president.

(c) Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association. He or she shall have charge of the corporate seal, if any, and of the 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. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in the 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 his or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for the purpose. No the removal action may be taken however, unless the matter is included in the notice of the 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 the other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors. However, the Board of Directors may not modify any of the duties of any officer specifically provided for in this Article XIV.

ARTICLE XV

SEAL

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

ARTICLE XVI

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such accounts and all other Association records shall be open for inspection by the Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Owner at least once a year a financial statement, the contents of which shall be defined by the Board of Directors. As required by the Act, the books of account shall be audited or reviewed at least annually by independent accountants; provided, however, that the accountants need not be certified public accountants nor does the audit or review need to be certified. Any institutional holder of a first mortgage lien on any Unit shall be entitled to review a copy of the annual audited financial statement within ninety (90) days following the end of the Association's fiscal year upon request. The costs of any the audit and any accounting expenses shall be expenses of administration.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year. However, the fiscal year shall be subject to change by the directors for accounting reasons or other good cause.

Section 3. Bank. Funds of the Association shall be deposited in a bank or savings institution designated by the directors and shall be withdrawn only upon the check or order of the officers, employees or agents 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 a bank or savings institution 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 XVII

LIMITATION AND ASSUMPTION OF LIABILITYOF VOLUNTEERS; INDEMNIFICATION

Section 1. Limitation of Liability of Volunteers. No person who is a volunteer director or volunteer officer (as these terms are defined in the Michigan Non-Profit Corporation Act) of the Association shall be personally liable to the Association or its members for monetary damages for breach of the person’s fiduciary duty as a volunteer director or officer except for liability arising from; (a) any breach of the volunteer director’s or officer’s duty of loyalty to the Association or its members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) a violation of Section 551(1) of the Michigan Non-Profit Corporation Act; (d) any transaction from which the volunteer director or officer derived an improper personal benefit; or (e) an act or omission that is willful or wanton misconduct, or gross negligence.

Section 2. Assumption of Liability of Volunteers. The Association further assumes liability for all acts or omissions of a volunteer director, volunteer officer or other volunteer occurring on or after the effective date of these Bylaws if all of the following are met: (a) the volunteer was acting or reasonably believed he or she was acting within the scope of the his or her authority; (b) the volunteer was acting in good faith; (c) the volunteer’s conduct did not amount to gross negligence or willful and wanton misconduct; (d) the volunteer’s conduct was not an intentional tort; and (e) the volunteer’s conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed as provided in Section 3135 of the Insurance Code of 1956, Act No, 218 of Michigan Public Acts of 1956.

Section 3. Indemnification of Volunteers. The Association shall also indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Association, by reason of the fact that the person is or was a volunteer director, volunteer officer, or non-director or non-officer volunteer of the Association, against all expenses including attorney's fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association or its members, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe that the conduct was unlawful. In the event of any claim for indemnification hereunder based upon a settlement by the volunteer director, volunteer officer, or non-director or non-officer volunteer seeking the indemnification, the indemnification herein shall apply only if the Board of Directors (with any director seeking indemnification abstaining) approves the settlement and indemnification as being in the best interest of the corporation. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement or expenses may he entitled under the Articles of Incorporation, the Bylaws, contractual agreement, or otherwise by law and shall continue as to a person who has caused to be a volunteer director or volunteer officer or non-director volunteer of the corporation and shall inure to the benefit of the heirs, executors, and administrators of the person. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all members of the intended payment. The Association shall maintain insurance coverage to cover indemnification payments made pursuant to this Article XVII. In no event shall the Association indemnify any director against any act or omission for which the Association has no assumption liability under the provisions of Section 2 of this Article XVII.

Section 4. Administration Expense. The costs, expenses and liabilities of the Association in indemnifying and assuming obligations under this Article XVII are expenses of administration of the Condominium.

ARTICLE XVIII

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Association acting upon the vote of the majority of the directors or may be proposed by one-third (1/3) or more of the Designated Voting Representatives by instrument in writing signed by them.

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

Section 3. Voting. These Bylaws may be amended by the Owners at any regular annual meeting or a special meeting called for the purpose by an affirmative vote of not less than sixty-six and two-thirds (66-2/3%) percent of all Designated Voting Representatives. No consent of mortgagees shall be required to amend these Bylaws unless as otherwise provided in Section 90a of the Act.

Section 4. When Effective. Any amendment to these Bylaws shall become effective upon recording of the amendment in the office of the Eaton County Register of Deeds.

Section 5. <u>Binding</u>. A copy of each amendment to the Bylaws shall be furnished to each DVR of the Association after adoption; provided, however, that any amendment to these Bylaws adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium irrespective of whether the persons actually receive a copy of the amendment.

ARTICLE XIX

COMPLIANCE

The Association, all present and future Owners, all present and future tenants, and any other person acquiring an interest in or using the Condominium in any manner are subject to and shall comply with the Act and the Condominium Documents, as each may be amended from time to time, 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 XX

DEFINITIONS

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

ARTICLE XXI

[OMITTED]

ARTICLE XXII

SEVERABILITY

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