

VALLEY WOOD CONDOMINIUM
AMENDED AND RESTATED CONDOMINIUM BYLAWS
(EXHIBIT "A" TO THE MASTER DEED)

ARTICLE I

ASSOCIATION OF CO-OWNERS

Section 1. Valley Wood Condominium, a residential Condominium located in the City of Livonia, County of Wayne, State of Michigan, shall be administered by an Association of Co-owners which shall be a nonprofit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium in accordance with the Master Deed, these Bylaws, the Corporate Bylaws, the Articles of Incorporation, the duly adopted rules and regulations of the Association, and the laws of the State of Michigan.

These Bylaws shall constitute the Bylaws referred to in the Master Deed and required by Section 3 (8) of Act No. 59 of the Michigan Public Acts of 1978, as amended (hereinafter the "Act") The Corporate Bylaws provided for under the Michigan Nonprofit Corporation Act shall be supplemental to these Condominium Bylaws.

Section 2. Each Co-owner shall be a member of the Association and no other person or entity shall be entitled to membership.

The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to the Co-owner's Unit in the Condominium.

A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve or other asset of the Association. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Condominium Documents for the Condominium available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium. All Co-owners in the Condominium and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ASSESSMENTS

All expenses arising from the management, administration and operation of the Association pursuant to the Condominium Documents and the Act, shall be levied by the Association against the Units and the Co-owners thereof in accordance with the following provisions:

Section 1. Assessments For Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Condominium shall constitute expenditures affecting the administration of the Condominium, and all sums received as the proceeds of, or pursuant to a policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium shall constitute receipts affecting the administration of the Condominium, within the meaning of Section 54(4) of the Act.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a) Budget, Additional Assessments. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Co-owner's obligation to pay the allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget each Unit Co-owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of the monthly payment which is due not more than ten (10) days after such new annual or adjusted budget is adopted.

An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below rather than by additional or lump sum 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. Since the minimum standard required by this Section may prove to be inadequate for this particular Condominium, the Association of Co-owners should carefully analyze the Condominium to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. The funds contained in such reserve fund should be used for major repairs and replacements of Common Elements.

Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect the liability of any Co-owner for any existing or future assessments.

If the Board of Directors at any time determines, in its sole discretion that the assessments levied are or may prove to be insufficient:

(1) to pay the costs of operation, management, maintenance and repair of the Condominium;

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(2) to provide replacements of existing Common Elements;

(3) to provide additions to the Common Elements not exceeding Ten thousand Dollars (\$10,000.00), in the aggregate, annually, or

(4) in the event of emergencies,

the Board of Directors shall have the authority to increase the general assessment or to levy such additional or special assessment or assessments without Co-owner approval as it shall deem to be necessary.

The Board of Directors shall also have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 5 hereof. The discretionary authority of the Board of Directors to levy general and/or additional assessments pursuant to this subsection shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

(b) Special Assessments. Special assessments, other than additional assessments referenced in subsection (a) of this Section 3, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to:

(1) assessments for additions to (and not repair or replacement of) the Common Elements of an aggregate cost exceeding \$10,000.00 per year;

(2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof;

(3) assessments to purchase a Unit for use as a resident manager's Unit; or

(4) assessments for any other appropriate purpose not elsewhere herein described.

Special assessments referred to in this subsection (but not including those assessments referred to in subsection 2(a) above which may be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty (60%) percent of all Co-owners in number and in value. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof except in the event that the Association may voluntarily and conditionally assign the right to levy assessments to any lender in connection with any voluntary loan transaction entered into by the Association.

Section 3. Apportionment Of Assessments; Default In Payment. Unless otherwise provided herein, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Subject to Section 4 below, any unusual expenses of administration which benefit less than all of the Condominium Units in the Condominium may be specially assessed against the Condominium Unit or Condominium Units so benefited and may be allocated to the benefited Condominium Unit or Units in the proportion which the percentage of value of the benefited Unit(s) bears to the total percentages of value of all Condominium Units so specially benefited.

Annual assessments as determined in accordance with Article II, Section 2 (a) above (but not additional or special assessments which shall be payable as the Board of Directors elects) shall be payable by the Co-owners in twelve (12) equal monthly installments, commencing with acceptance of a Deed to, or a land contract purchaser's interest in, a Unit, or with the acquisition of fee simple title to a Unit by any other means. Monthly installments of the annual assessment are due on the first day of each month. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. A late charge shall be assessed for any assessment in default paid more than five (5) days after its due date. The late charge shall be in the amount of Ten Dollars (\$10.00) or such other amount as may be determined by the Board of Directors from time to time. In the event the board establishes a new late charge amount, it shall give written notice to all members thirty (30) days before the new late charge rate shall become applicable. Such late charge shall not be deemed to be a penalty or interest upon the funds due to the Association but is intended to constitute a reasonable estimate of the administrative costs and other damages incurred by the Association in connection with the late payment of assessments. Assessments in default shall bear interest at the rate of seven (7%) percent per annum or such higher rate as may be allowed by law until paid in full. All payments shall be applied first against late charges, attorney fees, interest and costs and thereafter against assessments in order of oldest delinquency.

Each Co-owner (whether one or more persons) shall be and remain personally liable for the payment of all assessments (including late charges and costs of collection and enforcement of payment) pertinent to the Co-owner's Unit which may be levied while such Co-owner is the owner thereof. In addition to a Co-owner who is also a land contract seller, the land contract purchaser shall be personally liable for the payment of all assessments (including late charges and costs of collection and enforcement of payment) pertinent to the subject Condominium Unit which are levied up to and including the date upon which the land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit.

Section 4. Waiver Of Use Or Abandonment Of Unit; Uncompleted Repair Work. No Co-owner may exempt himself or herself from liability for contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of the Co-owner's Unit, or because of uncompleted repair work, or the failure of the Association to provide service.

Section 5. Enforcement. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments, or both in accordance with the Act. Pursuant to Section 139 of the Act, no Co-owner may assert in an answer or set-off to a complaint brought by the Association for nonpayment of assessments the fact that the Association or its agents have not provided the services or management to the Co-owner.

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

on the same prior to the sale of the subject Unit. The Association, acting on behalf of all Co-owners, may bid in at the foreclosure sale, and acquire, hold, lease, mortgage or convey the Condominium Unit.

Notwithstanding the foregoing, a judicial foreclosure action shall not be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his/her or their last known address of a written notice that one or more installments of the annual assessment and/or a portion or all of an additional and/or a special assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by or in the form of a written Affidavit of an authorized representative of the Association that sets forth (i) the Affiant's capacity to make the Affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. The Affidavit may contain other information that the Association of co-owners considers appropriate as per the Michigan Condominium Act including but not limited to the amount of any unpaid interest, costs, attorney fees, future assessments, court costs and/or unpaid monetary fines. Such Affidavit shall be recorded in the office of the Register of Deeds in the County in which the Condominium is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing to the co-owner. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the Co-owner and shall inform the Co-owner that he/she may request a judicial hearing by bringing suit against the Association.

The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's fees (not limited to statutory fees), late charges, unpaid monetary fines and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the co-owner in default including late charges and unpaid monetary fines, if any, and shall be secured by the lien on the Co-owner's Unit. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against the Co-owner's Unit, and/or in the event of default by any Co-owner in the payment of any installment and/or portion of any additional or special assessment levied against the Co-owner's Unit, or any other obligation of a Co-owner which, according to these Bylaws, may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof, the Association shall have the right to declare all unpaid installments of the annual assessment for the applicable fiscal year (and for any future fiscal year in which said delinquency continues) and/or all unpaid portions or installments of the additional or special assessment, if applicable, immediately due and payable. The Association also may discontinue the furnishing of any utility or other services to a Co-owner in default upon seven (7) days written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Condominium, shall not be entitled to vote at any meeting of the Association, and shall not be entitled to run for election as a director or be appointed an officer of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from the Co-owner's Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any person claiming under such Co-owner as provided by the Act.

Section 6. Liability Of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Condominium which acquires title to 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 in regard to said first mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the acquisition of title by such holder, purchaser or assignee (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit).

Section 7. 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 8. Personal Property Tax Assessment Of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 9. Construction Lien. A construction lien (mechanic's lien) otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to the limitations set forth in Section 132 of the Act, including the following:

(a) A mechanic's lien for work performed upon a condominium unit or upon a limited common element may attach only to the condominium unit upon which the work was performed.

(b) A mechanic's lien for work authorized by the association of co-owners may attach to each condominium unit only to the proportionate extent that the co-owner of the condominium unit is required to contribute to the expenses of administration as provided by the condominium documents.

(c) A mechanic's lien may not arise or attach to condominium unit for work performed on the common elements not contracted by the association of co-owners.

Section 10. Statement As To Unpaid Assessments. Pursuant to the provisions of the Act, the purchaser of any Condominium Unit may request a statement from the Association as to the outstanding amount of any unpaid Association assessments, interest, late charges, fines, costs and attorney fees thereon and related collection costs. Upon written request to the Association, accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire the Unit, the Association shall provide a written statement of such unpaid assessments and related collection costs as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments together with interest, costs, and attorneys' fees incurred in the collection thereof, and the lien securing same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except tax liens on the condominium unit in favor of any state or federal taxing authority and first mortgages of record. The Association may charge such reasonable amounts for preparation of such a statement as it may from time to time determine.

ARTICLE III

ARBITRATION

Section 1. Scope And Election. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between Co-owners, or between a Co-owner or Co-owners and the Association shall, upon the election and written consent of both of the parties to any such disputes, claims or grievances, and written notice to the Association, if applicable, be submitted to arbitration and the parties thereto shall accept the arbitrators' decision as final and binding; provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association

as amended and in effect from time to time hereafter shall be applicable to any such arbitration. Any agreement to arbitrate pursuant to the provisions of this Article III, Section 1 shall include an agreement between the parties that the judgment of any Circuit Court of the State of Michigan may be rendered upon any award rendered pursuant to such arbitration.

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section I above, no Co-owner or the Association shall be precluded from petitioning the Courts to resolve any such disputes, claims or grievances.

Section 3. Election Of Remedies. Election by the parties to submit such disputes, claims or grievances to arbitration shall preclude them from litigating such disputes, claims or grievances in the Courts.

ARTICLE IV

INSURANCE

Section 1. Insurance Responsibility of the Association. The Association shall carry property insurance, general liability insurance, officers and directors liability insurance, workers compensation insurance, if applicable, and such other insurance as the Board may determine to be appropriate with respect to the ownership, use and maintenance of the general and limited Common Elements of the Condominium and the administration of Condominium affairs. Such insurance shall be carried and administered in accordance with the following provisions:

(a) Insurance Responsibility of the Association and the Co-owners. It shall be each Co-owner's responsibility to determine by personal investigation the nature and extent of insurance coverage needed to protect his unit, his personal property located within his unit or elsewhere in the Condominium and for his personal liability for occurrences within his unit or upon the Limited Common Elements appurtenant to his unit and also for additional living expenses. Each Co-owner may obtain insurance coverage at his own expense upon the building items within his condominium unit which were furnished with the unit by the Developer however it will be considered to be excess insurance since the Association's property insurance will be primary coverage as described below. The Association shall purchase insurance for the benefit of the Association, the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of Certificates of Insurance with mortgagee endorsements to the mortgagees of the Co-owners. All property and liability insurance carried by the Association and the Co-owners shall contain appropriate provisions whereby the insurers waive their rights of subrogation as to any claims against any Co-owner and the Association.

(b) Insurance of Common Elements. All Common Elements of the Condominium shall be insured against fire, perils covered by a standard extended coverage endorsement, vandalism, malicious mischief and any other cause of loss deemed advisable by the Board of Directors of the Association, in an amount equal to the maximum insurable replacement value, including code reconstruction, if applicable, as determined annually by the Board of Directors of 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 include interior walls within any unit and the pipes, wires, conduits and ducts contained therein and shall further include all building items including fixtures, equipment and trim within a unit which were furnished with the unit by the Developer. The property insurance coverage shall be written on a Blanket Amount basis including an Agreed Value clause for the entire Condominium with appropriate provisions in order that no coinsurance 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 project destruction of 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 Co-owners upon request and reasonable notice during normal business hours so that the Co-owners shall be enabled to judge the adequacy of such coverage. Upon re-evaluation and effectuation of coverage, the Association shall notify all the Co-owners of the nature and extent of all changes coverages.

(c) General Liability Insurance. General liability insurance shall be carried in such limits as the Board of Directors may from time to time determine to be appropriate. The general liability insurance shall cover: (1) the Association; (2) each Co-owner of the Condominium but only with respect to his liability arising out of the ownership, maintenance or repair of that portion of the premises which is their duties as such; and (4) any person or organization while acting as a managing agent for the association. The liability insurance carried by the Association shall, where appropriate, contain cross-liability endorsements to cover liability of the Co-owners as a group to another Co-owner.

(d) Officers and Directors-Liability Insurance. Officers and directors liability insurance shall be carried in such limits as the Board of Directors may from time to time determine to be appropriate. The liability insurance shall cover any persons who now are, or shall become duly elected or appointed directors or officers of the Association. The policy may also have to be endorsed to include "prior acts" coverage for persons who had been duly elected or appointed directors or officers of the Association if it is determined that previous expiring policies do not cover claims for wrongful acts reported after the expiration or termination date of those expiring policies.

(e) Premium Expense. All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of the Association.

(f) 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, the Co-owners and their mortgagees as their interests may appear; provided, however, whenever Article V of these Bylaws requires the repair or reconstruction of the Condominium, any insurance proceeds received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such purpose. Hazard insurance proceeds shall never be used for any purpose other than for repair, replacement or reconstruction of the project unless all of the holders of mortgages on units, and all Co-owners, in the Condominium have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership, of a Unit in the Condominium, shall be deemed to appoint the Association as the true and lawful attorney-in-fact to act in connection with all matters concerning insurance pertinent to the Condominium, the Co-owners unit and the common elements appurtenant thereto. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owners and the Condominium as shall be necessary or convenient to accomplish the foregoing.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Responsibility For Reconstruction Or Repair. In the event any part of the Condominium property shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(a) One Or More Units Tenantable. In the event the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenantable, unless it is determined by unanimous vote of all of the Co-owners in the Condominium that the Condominium shall be terminated and each institutional holder of a first mortgage lien on any Unit in the Condominium has given its prior written approval for such termination.

(b) No Unit Tenantable. In the event the Condominium is so damaged that no Unit is tenantable, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless seventy-five (75%) percent or more of all the Co-owners in number and in value agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

Section 2. Repair In Accordance With Master Deed, Etc. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless 66 2/3rds percent of the Co-owners in number and in value shall consent to do otherwise.

Section 3. Co-owner And Association Responsibilities. In the event the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association subject to the terms and conditions of the Master Deed.

Section 4. Co-owner Responsibility For Repair. Each Co-owner shall be responsible for the reconstruction, repair, maintenance, replacement and decoration of the interior of the Co-owner's Unit, including all finished flooring and floor coverings, all interior walls, wall coverings, interior trim and, including, without limitation the following items:

(a) All appliances within the Unit and supporting hardware, including, but not limited to, furnace, humidifier, air cleaner, air conditioner, compressor, garbage disposal, dishwasher, range, oven, vent fan, duct work, vent covers, filter, water softeners, water filters and water heaters, if any.

(b) Interior of entry door and its deadbolts, locking mechanism, handles and knobs on both sides of door, all interior doors and related hardware within the individual Unit. Storm door, closer and all related locks and hardware for storm door.

(c) All electrical fixtures and appliances within the individual Unit, including, but not limited to, doorbell systems (all components inside and out of unit), lighting fixtures, switches, outlets, antenna outlets and circuit breakers, and all exterior photocells on garages and porches.

(d) All plumbing fixtures including commodes, tubs, shower pans, shower stalls, shower enclosures, tub and shower caulking, faucets, shut-off valves, rings, seals and washers located on or within an individual Unit's perimeter walls.

(e) All cabinets, counters, sinks, tile and wood, either floor or wall, and related hardware.

(f) All improvements and decorations including, but not limited to, paint, wallpaper, paneling, carpeting, linoleum and trim.

(g) Individual Unit drain lines located within the Unit perimeter walls (foundation); however, in the event a drain line services more than one unit, then in that event, the Association will be responsible for its reconstruction, repair, maintenance and replacement.

(h) All other items not specifically enumerated above which may be located within the individual Unit's perimeter walls.

In the event that damage to interior walls within a Co-owner's Unit, or to pipes, wire, conduits, ducts or other Common Elements therein, or to any fixtures, equipment and trim which are standard items within a Unit is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5 of this Article V provided however that the portion of the expense incurred but not recovered by virtue of any insurance deductible shall be the Co-owner's obligation. If any other interior portion of a Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto and if there is a mortgage endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly. In the event damage to a Co-owner's Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall begin reconstruction or repair of the damage upon receipt of the insurance proceeds from the Association. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 5. Association Responsibility For Repair. The Association shall be responsible for reconstruction, repair and maintenance of the Common Elements as provided in the Master Deed and any incidental damage (as that term is hereafter defined) to a Unit caused by such Common Elements or the reconstruction, repair or maintenance thereof. "Incidental damage" shall be defined as damage incurred to the drywall and/or floor of a Unit, but excludes any damage to the contents of a Unit, including, but not limited to, wallpaper, carpeting, paneling, furniture, and personal property. Notwithstanding anything hereinabove to the contrary, the responsibility of the Association for "incidental damage" to a Unit under the provisions of this section 5 shall not exceed the sum of \$500.00 per occurrence. Any "incidental damage" to a Unit as described in this Section 5 in excess of \$500.00 shall be borne by the Co-owner of the Unit. In the event that the Co-owner shall have insurance which covers "incidental damage" as herein defined, the Association shall not be liable for any "incidental damage" and the insurance carrier of the Co-owner shall have no right of subrogation against the Association. This Article shall not be construed to require replacement of mature trees or vegetation with equivalent trees or vegetation.

Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair or reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the Co-owners who are responsible for the costs of reconstruction or repair of the damaged property (as provided in the Master Deed) in sufficient amounts to provide funds to pay the estimated or actual costs of repair.

Section 6. Timely Reconstruction And Repair. The Association or Co-owner responsible for the reconstruction, repair and/or maintenance shall proceed with and complete reconstruction, repair, maintenance or replacement of the damaged property without delay.

Section 7. Eminent Domain. Section 133 of the Act and the following provisions shall control upon any taking by eminent domain.

(a) Taking of Entire Unit. In the event of any taking of an entire Unit by eminent domain, the award for such taking shall be paid to the owner of such Unit and the mortgagee thereof, as their

interests may appear. After acceptance of such award by the owner and his mortgagee, they shall be divested of all interest in the Condominium. In the event that any condemnation award shall become payable to any Co-owner whose Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Co-owner and his mortgagee, as their interests may appear.

(b) Taking of Common Elements. If there is any taking of any portion of the Condominium other than any Unit, the condemnation proceeds relative to such taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than fifty (50%) percent of all of the Co-owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) Continuation of Condominium After Taking. In the event the Condominium 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 Paragraph 6 of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of one hundred (100%) percent. A condominium unit partially taken shall receive a reallocated percentage of value based pro rata on the percentage taken. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner, but only with the prior written notice to all holders of first mortgage liens on individual Units in the Condominium.

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

Section 8. Mortgages Held By FHLMC; Other Institutional Holders. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon request therefor by FHLMC, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds \$10,000.00 in amount or if damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds \$1,000.00. The Association shall provide such other reasonable notice as may be required, from time to time, by other institutional holders of mortgages upon Units.

Section 9. Priority Of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Condominium Unit owner, or any other party, priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Condominium Unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI

RESTRICTIONS

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residence purposes (except that persons not of the same immediate family residing together may occupy a Unit with written consent of the Board of Directors which consent shall not be unreasonably withheld) and the Common Elements shall be used only for purposes consistent with the use of single-family residences. A family shall mean 1 person or a group of 2 or more persons related by bonds of consanguinity, marriage or legal

adoption. No more than 2 persons may occupy a 1-bedroom Unit and no more than 4 persons may occupy a 2-bedroom Unit, as such Units are designated in the Master Deed. In the event that a violation of this Section by a family in occupancy of a Unit results from the birth or adoption of a child, this restriction shall be suspended as such family for a period of 1 year to enable the family a reasonable time within which to vacate such Unit.

Section 2. Leasing And Rental.

(a) Violation of Condominium Documents by Tenants or Non-Co-owner Occupants. If the Association determines that the tenant or non-Co-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(1) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant or non-Co-owner occupant.

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

(3) If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its own behalf an action for eviction against the tenant or non-Co-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-Co-owner occupant for breach of the conditions of the Condominium Documents. The relief set forth in this subsection may be by summary proceedings. The Association may hold both the tenant or non-Co-owner occupant and the Co-owner liable for any damages caused by the Co-owner or tenant or non-Co-owner occupant in connection with the Condominium Unit or the Condominium and for actual legal fees incurred by the Association in connection with legal proceedings hereunder.

(b) Arrearage in Condominium Assessments. When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Condominium Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not be a breach of the rental agreement or lease by the tenant. The form of lease used by any Co-owner shall explicitly contain the foregoing provisions. Pursuant to the Michigan Condominium Act, if the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association of co-owners, then the Association of co-owners may do the following:

(i) issue a statutory notice to quit for nonpayment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.

(ii) initiate proceedings pursuant to MCL 559.212(4)(b).

(c) A Co-owner may lease his apartment for the same purposes set forth in Section 1 above provided the occupancy is only by the lessee and his family. No rooms in an apartment may be rented and no transient tenants accommodated. An exact copy of the executed lease shall be provided to the Association twenty-one (21) days prior to presenting it to the tenant for execution and shall specifically state that the tenant acknowledges that he/she must abide by all of the terms and conditions of the condominium documents including the Association's rules and regulations. If no lease form is to be used, then the Co-owner shall supply the Association of co-owners with the name and address of the potential lessee, along with the rental amount and due dates under the proposed agreement.

Section 3. Alterations And Modifications Of Units And Common Elements. No Co-owner shall make alterations in exterior appearance or make structural modifications to the Co-owner's Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements, Limited or General, without the advance express written approval of the Board of Directors (which approval shall be in recordable form), including, but not by way of limitation, exterior painting or the erection of antennas, lights, aerials, satellite dishes in excess of one meter, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards or other exterior attachments or modifications, nor shall any co-owner damage or make modifications or attachments to walls between Units which in any way impair sound conditioning. Satellite dishes of one meter or less will only be permitted as expressly permitted by rule of the F.C.C. "Federal Communications Commission". No attachment, appliance or other item may be installed which is designed to kill or repel insects or other animals by light or humanly audible sound.

The foregoing is subject to the applicable provisions of the Michigan Condominium Act governing improvements or modifications if the purpose of the improvement or modification is to facilitate access to or movement within the unit for persons with disabilities under the circumstances provided for in the Act at MCL 559.147 a, as amended from time to time.

The Co-owner shall be responsible for the maintenance and repair of any such modification or improvement. In the event that the co-owner fails to maintain and/or repair said modification or improvement to the satisfaction of the Association, the Association may undertake to maintain and/or repair same and assess the Co-owner the costs thereof and collect same from the Co-owner in the same manner as provided for the collection of assessments in Article II hereof. The Co-owner shall indemnify and hold the Association harmless from and against any and all costs, damages, and liabilities incurred in regard to said modification and/or improvement.

No Co-owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves, sump pumps, or any element which affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments, including, but not limited to, patios and finished basements of any nature that restrict such access and will have no responsibility for repairing or reinstalling any materials, (whether or not installation thereof has been approved hereunder), that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

Section 4. Activities. No unlawful or nuisance activity shall be carried on in any Unit or upon the Common Elements, Limited or General, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall be carried on in or on the Common Elements or in any Unit at any time. No Co-owner shall do or permit anything to be done or keep or permit to be kept in the Co-owner's Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: 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 dogs or cats shall be kept or be brought on to the condominium premises by any person unless specifically approved in writing by the Association for use as a seeing eye dog or similar use by a person with a disability reasonably requiring such assistance. Any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability (including costs and attorney fees) which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor,

and the Association may assess and collect from the responsible Co-owner such losses and/or damages in the manner provided in Article II hereof. Small animals which are constantly caged, such as small birds or fish shall not be subject to the foregoing restrictions.

Section 6. Aesthetics. The Common Elements, Limited or General, 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 patio or porch and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall be kept inside the units or garages until dusk of the day preceding collection and shall be returned inside on the day of collection. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. Automobiles may not be washed on any portion of the Condominium Premises. In general, no activity shall be carried on nor condition maintained by any Co-owner either in the Co-owner's Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 7. Utilization of Common Elements. Sidewalks, yards, landscaped areas, driveways, roads, parking areas, and porches shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, benches or other objects may be left unattended on or about the Common Elements however bicycles may be seasonally stored in the carports. Use of any recreational facilities or other amenities in the Condominium may be limited to such times and in such manner as the Association shall determine by duly adopted regulations; provided, however, that use of any amenities in the Condominium shall be limited to resident Co-owners who are members in good standing of the Association and to the tenants, land contract purchasers and/or other non-Co-owner occupants of Condominium Units in which the Co-owner does not reside and/or such guests as may be permitted by the rules and regulations made by the Association; provided, further, however, that the nonresident Co-owners of such Condominium Units are members in good standing of the Association.

Section 8. Vehicles. No mopeds, motorcycles, housetrailer, recreational vehicles, or similar vehicles, such as club wagons, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, mobile homes, dune buggies, motor homes, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles other than automobiles, sport utility vehicles and pickup trucks may be parked upon the premises of the Condominium, unless specifically approved by the Association or parked in an area specifically designated therefor by the Association. Nothing herein contained shall be construed to require the Association to approve the parking of such vehicles as are described in the first sentence of this Section or to designate an area therefor. The Association shall not be responsible for any damages, costs, or other liability arising from any failure to approve the parking of such vehicles or to designate an area therefor.

Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pick-ups in the normal course of business. For purposes of this Section, the term "commercial vehicle" means any vehicle that has any one of the following characteristics: (a) more than two axles; (b) gross vehicle weight rating in excess of 10,000 pounds; (c) visibly equipped with or carrying equipment or materials used in a business; or (d) carrying a sign advertising or identifying a business.

Nonoperational vehicles, and vehicles with expired license plates shall not be parked or stored on the Condominium Premises without the written permission of the Board of Directors. Vehicles which detract from the appearance of the Condominium shall not be parked or stored on the Condominium Premises. Non-emergency maintenance or repair of motor vehicles shall not be permitted on the Condominium Premises unless specifically approved by the Board of Directors. The Association may assign General Common Element parking spaces for the use of the Co-owners of a particular Unit or Units in an equitable manner.

The Association may cause vehicles parked or stored in violation of this Section or of any applicable rules and regulations of the Association to be removed from the Condominium Premises and the cost of such removal may be assessed to, and collected from, the Co-owner of the Unit responsible for the presence of the vehicle in the manner provided in Article II hereof. Co-owners shall, if the Association shall require, register with the Association all vehicles maintained on the Condominium Premises. The Board of Directors may make reasonable rules and regulations governing the parking of vehicles in the Condominium consistent with the provisions hereof.

Section 9. Signs, Advertising. No signs shall be displayed which are visible from the exterior of a Unit or on the Common Elements at any time for any reason without the advance written permission of the Association. This prohibition includes, but is not limited to, "Garage Sale" signs and political signs. "For Sale" and "Open" signs may be placed at the entrance to the Association on Sunday's between 12:00 p.m. and 3:00 p.m. and to the entrance to the walkway in front of the Unit offered for sale but shall not be placed elsewhere and shall at no times be placed or displayed in windows. No advertising devices shall be displayed which are visible from the exterior of a Unit or on the Common Elements at any time without the advance written permission of the Association.

Section 10. Regulations. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws, concerning the use of the Condominium may be made and amended from time to time by the Board of Directors of the Association. Copies of all such regulations and amendments thereto shall be furnished to all Co-owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each Co-owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty (50%) percent of all Co-owners in number and in value.

Section 11. Right Of Access Of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit and/or to protect the safety and/or welfare of the inhabitants of the Condominium.

It shall be the responsibility of each Co-owner to provide the Association means of access to the Co-owner's Unit and any Limited Common Elements appurtenant thereto during all periods of absence and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to the Co-owner's Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access. In the event that it is necessary for the Association to gain access to a Unit to make repairs to prevent damage to the Common Elements or to another Unit or to protect the safety and welfare of the inhabitants of the Condominium, the costs, expenses, damages, and/or attorney fees incurred by the Association in such undertaking shall be assessed to the responsible Co-owner and collected in the same manner as provided in Article II of these Bylaws, including all damages resulting from any co-owner or their tenants, family, occupants, invitees or contractor's failure or delay in providing access to the Association. The Association shall have no liability for damages to co-owner alterations, betterments, improvements or customizations resulting from the Association's efforts to gain access to any common element nor shall the Association be held liable for the expenses of the removal or replacements of any such obstructions.

Section 12. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements unless approved by the Association in writing. Any such approved landscaping performed by the Co-owner and any such trees, shrubs, or flowers

planted by the Co-owner shall be performed and/or planted, as the case may be, in a manner consistent with the landscaping in other portions of the Condominium Premises. The Co-owner shall be responsible for the maintenance of any such approved landscaping performed by a Co-owner and any such trees, shrubs, or flowers planted by the Co-owner. In the event that such Co-owner fails to adequately maintain such landscaping performed by the Co-owner and any such trees, shrubs, or flowers planted by the Co-owner to the satisfaction of the Association, the Association shall have the right to perform such maintenance and assess and collect from the Co-owner the cost thereof in the manner provided in Article II hereof. The Co-owner shall also be liable for any damages to the Common Elements arising from the performance of such landscaping or the planting of such trees, shrubs, or flowers, or the continued maintenance thereof.

Section 13. Co-owner Maintenance. Each Co-owner shall maintain his/her Unit and any Limited Common Elements appurtenant thereto for which he/she has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, plumbing, electrical or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association, or to other co-owners, as the case may be, resulting from negligent damage to or misuse of any of the Common Elements by the Co-owner, or his/her family, guests, tenants, land contract purchasers, agents or invitees, unless such damages or costs are covered by insurance carried by the Association in which case there shall be no such responsibility (unless full reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association or to other Co-owners, as the case may be, may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof. The Co-owners shall have the responsibility to report to the Association any Common Element which has been damaged or which is otherwise in need of maintenance, repair or replacement.

Section 14. Assessment Of Costs Of Enforcement. Any and all costs, damages, expenses and/or attorney fees incurred by the Association in enforcing any of the restrictions set forth in this Article VI and/or rules and regulations made by the Board of Directors of the Association under Article VI, Section 10 of these Bylaws, and any expenses incurred as a result of the conduct of less than all those entitled to occupy the Condominium Project, or by their licensees or invitees, may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

ARTICLE VII

MORTGAGES

Section 1. Notice To Association. Any Co-owner who mortgages his/her Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association shall report any unpaid assessments due from the Co-owner of such Unit to the holder of any first mortgage covering such Unit upon request. The Association may also give to the holder of any first mortgage covering any Unit in the Condominium written notification of any other default in the performance of the obligations of the Co-owner of such Unit that is not cured within sixty (60) days.

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

Section 3. Notification Of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one (1) vote for each Condominium Unit owned when voting by number and one (1) vote the value of which shall equal the total of the percentages allocated to the Units owned by such Co-owner as set forth in Paragraph 6 of the Master Deed, when voting by value. Voting shall be by value except in those instances when voting is specifically required to be both in value and in number.

Section 2. Eligibility To Vote. No Co-owner shall be entitled to vote at any meeting of the Association until he/she has presented a deed or other evidence of ownership of a Unit in the Condominium to the Association. Land contract vendees shall be recognized as owners unless the vendor provides the Association with a copy of the land contract expressly reserving voting privileges to the vendor. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. No Co-owner who is in default of a duty to pay any sum to the Association shall be entitled to vote until such default is cured.

Section 3. Designation Of Voting Representative. Each co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name, address and telephone number of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name, address and telephone number of each person, firm, corporation, partnership, association, trust, or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of thirty-five (35%) percent in number and in value of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically provided herein to require a greater quorum. The written ballot of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the ballot is cast.

Section 5. Voting. Votes may be cast in person or by proxy or by a written ballot duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any ballots must be filed with the Secretary of the Association, or such other person as the Association shall designate, at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than fifty (50%) percent in value of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, the requisite affirmative vote may be required to exceed the simple majority hereinabove set forth and may require a designated percentage in both number and value of all Co-owners.

ARTICLE IX

FINANCE

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

Section 2. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the directors. Absent such determination by the Board of Directors, the fiscal year of the Association shall be the calendar year. The commencement date of the fiscal year shall be subject to change by the directors for accounting reasons or other good cause.

Section 3. Depositories. The funds of the Association shall be initially deposited in such credit unions, banks or with insured securities brokers or invested in federally insured securities as may be designated by the directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such banks or credit unions as are insured by an agency of the federal government and may also be invested in interest-bearing obligations of the United States Government or in such other depositories as may be adequately insured in the discretion of the Board of Directors.

ARTICLE X

INDEMNIFICATION OF OFFICERS AND DIRECTORS;
DIRECTORS' AND OFFICERS' INSURANCE

Section 1. Indemnification Of Directors And Officers. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement incurred by or imposed upon the director or officer in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which the director or officer may be a party or in which he/she may become involved by reason of his/her being or having been a director or officer of the Association, whether or not he/she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of the director's or officer's duties, and except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Co-owners thereof.

Section 2. Directors' And Officers' Insurance. The Association shall provide liability insurance for every director and every officer of the Association for the same purposes provided above in Section 1 and in such amounts as may reasonably insure against potential liability arising out of the performance of their respective duties. With prior written consent of the Association, a director or an officer of the Association may waive any liability insurance for such director's or officer's personal benefit. No director or officer shall collect for the same expense or liability under Section 1 above and under this Section 2; however, to the extent that the liability insurance provided herein to a director or officer was not waived by such director or officer and is inadequate to pay any expenses or liabilities otherwise properly indemnifiable under the terms hereof, a director or officer shall be reimbursed or indemnified only for such excess amounts under Section 1 hereof.

ARTICLE XI

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the directors or by one-third (1/3) or more in number of the Co-owners or by an instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a 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 Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than sixty-six and two thirds (66 2/3%) percent of all Co-owners in number and in value. Notwithstanding any provision of the condominium documents to the contrary, mortgagees are entitled to vote only on amendments which are material to their interests as defined in the Michigan Condominium Act as amended from time to time.

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

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

ARTICLE XII

COMPLIANCE

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

ARTICLE XIII

DEFINITIONS

All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit or as set forth in the Act. Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate.

ARTICLE XIV

REMEDIES FOR DEFAULT

Section 1. Relief Available. Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

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

(b) Recovery Of Costs. In the event of a default of the Condominium Documents by Co-owner and/or non-Co-owner resident or guest, the Association shall be entitled to recover from the Co-owner and/or non-Co-owner resident or guest, the pre-litigation costs and attorney fees incurred in obtaining their compliance with the Condominium Documents. In any proceeding arising because of an alleged default by any Co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney fees, (not limited to statutory fees) as may be determined by the Court, but in no event shall any Co-owner be entitled to recover such attorney fees. The Association, if successful, shall also be entitled to recoup the costs and attorney's fees incurred in defending any claim, counterclaim or other matter from the Co-owner asserting the claim, counterclaim or other matter.

(c) Removal And Abatement. The violation of any of the provisions of the Condominium Documents, including the rules and regulations promulgated by the Board of Directors of the Association hereunder, shall also give the Association, or its duly authorized agents, the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents; provided, however, that judicial proceedings shall be instituted before items of construction are altered or demolished pursuant to this subsection. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

(d) Assessment Of Fines. The violation of any of the provisions of the Condominium Documents, including any of the rules and regulations promulgated by the Board of Directors of the Association hereunder, by any Co-owner, in addition to the rights set forth above, shall be grounds for assessment by the Association of a monetary fine for such violation. No fine may be assessed unless the rules and regulations establishing such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-owners in the same manner as prescribed in Article VI, Section 10 of these Bylaws. Thereafter, fines may be assessed only upon notice to the offending Co-owner and an opportunity for such Co-

owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. Upon finding a violation has occurred after an opportunity for hearing has been provided, the Board of Directors may levy a fine in such amount as it, in its discretion, deems appropriate, and as is set forth in the rules and regulations establishing the fine procedure.

Section 2. Nonwaiver Of Right. The failure of the Association or of any Co-owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-owner to enforce such right, provision, covenant or condition in the future.

Section 3. Cumulative Rights, Remedies, And Privileges. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

ARTICLE XV

SEVERABILITY

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

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A GUIDE TO THE AMENDMENT PROPOSALS

VALLEY WOOD CONDOMINIUM ASSOCIATION

GENERAL REVISIONS

All unnecessary references to the Developer of the condominium have been deleted. The text has been updated in keeping with revisions to the Condominium Act and other Michigan statutes. Changes in the laws involving the rights of the disabled and satellite dish antennas have been taken into account in the revised text. Any previous text considered illegal or unenforceable has also been deleted. Overall, we have attempted to modernize and customize your documents to better suit the needs and desires of your membership and Association. We have also added text covering a number of topics and we have tried to clarify text whenever needed.

THIRD AMENDMENT TO MASTER DEED

Unnecessary references to the Developer have been eliminated. This results in a reduction in text and helps eliminate the confusion that often results when reading and interpreting the document.

ARTICLE IV – COMMON ELEMENTS

Section B (Limited Common Elements) has been modified:

- References to porches has been added to Subsections 1 and 2.
- References to the Developer with respect to carports in Subsection 5 have been removed. The Association is now recognized as having the authority to assign or re-assign carports to Co-owners.

Section C(3) has been modified to identify the decoration, maintenance, repair and replacement of all window components as a Co-owner responsibility.

ARTICLE VII – AMENDMENT

Sections B and E have been removed entirely, as they reference the Developer and are no longer applicable.

SECOND AMENDED AND RESTATED CONDOMINIUM BYLAWS

We found many passages to be in need of correction/clarification/improvement. All changes are identified on the enclosed “red-line” draft, with comments in the right margin when necessary for further explanation. I will, however, highlight all of the significant changes.

Article I – Association of Co-owners

The Second Amended and Restated Condominium Bylaws incorporate both the previous Condominium Bylaws and Corporate Bylaws into one (1) document.

Article II – Assessments

- The current late charge is \$20.00 and it can be revised by the Board as needed in the future.
- Foreclosing mortgage lenders become liable for assessments *upon acquiring title* per Section 6. This will help minimize foreclosure losses for the Association. If title is acquired via deed in lieu of foreclosure, the grantee of title to the unit will be responsible for the entire amount due on the unit account.

Article IV – Insurance

- It is the responsibility of each Co-owner to determine the nature and extent of insurance coverage needed to protect their Unit. Each Co-owner shall, however, be solely responsible for insuring all betterments, improvements and additions to their Unit and its appurtenant Limited Common Elements, as well as upgraded fixtures, equipment and/or trim.
- Section 3 has been modified to allow the Association to recover its deductible from Co-owners, when applicable. This section is harmonized with the deductible provisions contained in Article VI, Section 13.

Article V – Reconstruction or Repair

- Sections 1(a) and 2 have been modified to incorporate current FHA certification requirements.
- Section 4 has been modified to include Co-owner responsibility for windows.
- Section 7(c) has been modified to incorporate current FHA certification requirements.
- Section 8 has been modified to correct an error regarding the loss amount.

Article VI – Restrictions

This Article tends to be of particular interest to most Co-owners and should be carefully read and considered.

- Section 1 has been modified to remove the obsolete provision containing the definition of family. Section 1 has also been modified to incorporate no smoking on all common areas of the

Condominium, pursuant to the Wayne County Clean Indoor Air Regulation 2005-001 and the Dr. Ron Davis Law (Section 333.12603 of the Michigan Public Health Code).

- Section 2 has been modified to incorporate the Board-requested 28 unit rental cap (approximately 1/3 of the total units). The Board will adopt a resolution which lists those units with existing, approved leases upon the effective date of this amendment so that it is clear which units have been grandfathered (an exception to this rule). If the 28 unit rental cap has been met, Co-owners wishing to rent their unit will be placed on a wait list.
- Section 3 has been modified to remove the satellite dish size reference and incorporate appropriate FCC language.
- Section 5 has been modified to require Co-owners to pick up after their pets.
- Section 6 has been modified to remove references to trash receptacles being kept inside Units or garages until dusk the day proceeding collection.
- Section 8 has been modified to replace “Association” references with “Board of Directors” references. It has also been modified to require written approval from the Board of Directors for commercial vehicles to be parked in or about the Condominium not used in the normal course of business.
- Section 13 has been modified to incorporate additional language related to Co-owner maintenance of their Unit and any Limited Common Elements appurtenant thereto:
 - Maintain the Units in a safe, clean and sanitary condition.
 - Use due care to avoid damaging Common Elements or other Units.
 - Maintain heat inside the Unit to prevent pipe freezing.
 - Winterize the Unit during periods of extended absence (exceeding 30 days).
 - Have the Unit monitored during periods of extended absence.
 - Report promptly any damage to Common Elements.

Article VII – Mortgages

This article has been modified to incorporate current FHA certification requirements.

Article VIII – Voting

- Section 5 has been modified to allow for written ballots to be emailed.
- Section 7 has been added to allow the co-owners to petition the Association, incorporating the revisions of the Michigan Non-Profit Corporations Act.

Article IX – Meetings; Article X – Board of Directors; Article XI - Officers

- Articles IX, X and XI have been added to incorporate the language of the Corporate Bylaws.
- Article X, Section 3 has been modified to clarify that the Co-owners cannot “override” a Board’s decision through a Motion/Membership vote at a membership meeting.

Article XII – Finance

We have revised Section 1 to comply with recent changes in the Michigan Condominium Act. The Association’s books of account now must be audited or reviewed annually by a Certified Public Accountant.

Article XIII – Indemnification of Officers and Directors

There are important liability protections to encourage volunteers to serve as officers or directors.

Article XIV – Amendments

This text describes how the Condominium Bylaws may be amended in the future in accordance with the Act. It has been modified to incorporate the current FHA requirement mandating a 67% affirmative vote for the adoption of an amendment (rather than the 67% requirement set forth in the Michigan Condominium Act).

IN CLOSING...

When you purchased your Unit at Valley Wood Condominium, you may not have recognized that this form of shared ownership housing involves such complexity and puts strangers in charge of many aspects of your home and your finances. The Condominium Documents are intended to help assure fair, equitable and effective administration of the shared ownership interests and to require a reasonable level of cooperation from all of the Co-owners. As circumstances change over the time, additional future amendments may become appropriate to best serve the changing needs of the membership.