

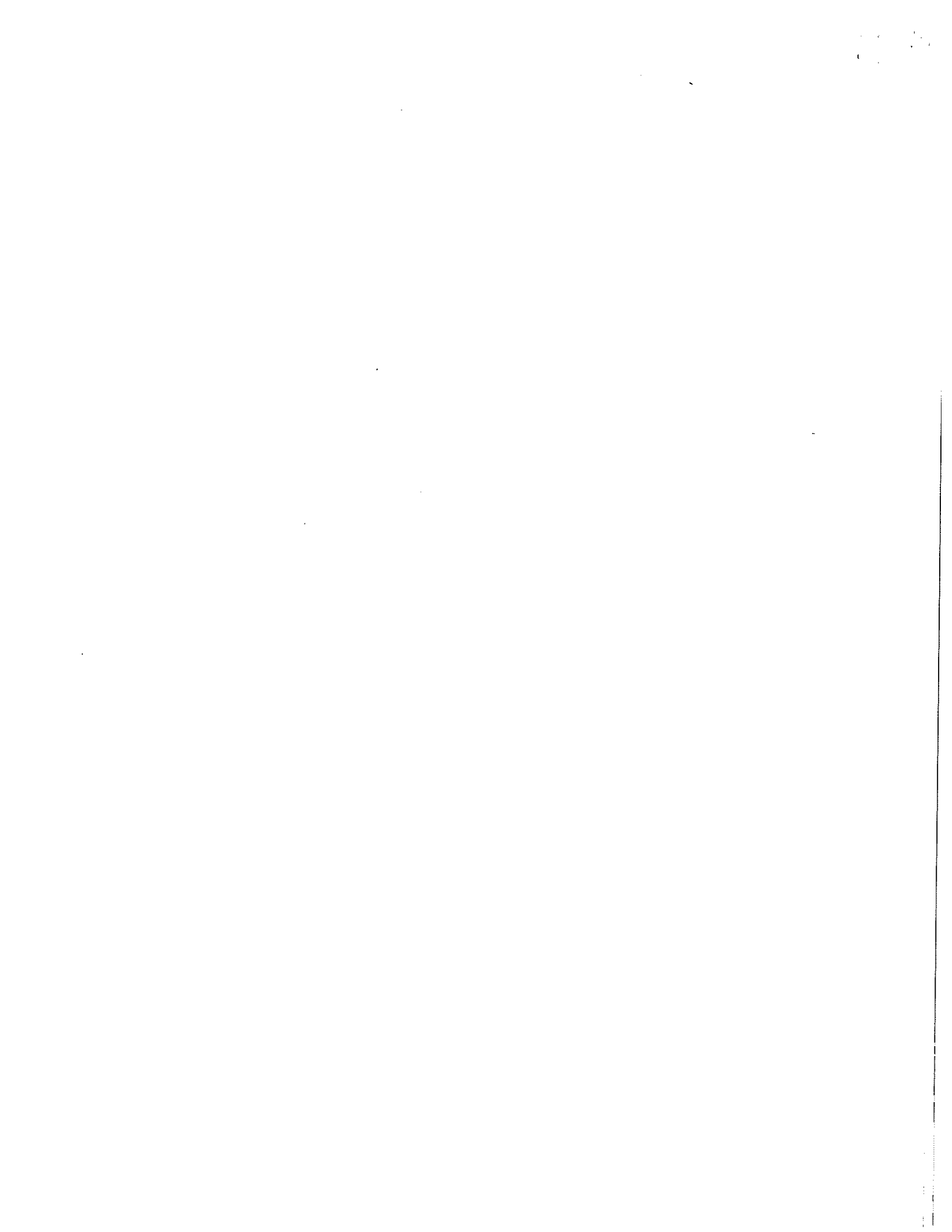
MARTINDALE MEADOWS
HOMEOWNERS
ASSOCIATION

Bylaws

Declaration of Restrictions

&

Guidelines



AMENDED AND RESTATED BYLAWS
of the
MARTINDALE MEADOWS HOMEOWNERS ASSOCIATION

Revised 9/16/96

ARTICLE I

ASSOCIATION OF LOT OWNERS

Martindale Meadows, a single-family residential development (hereinafter the "Development") located in the Township of Lyon, Oakland County, Michigan, shall be administered by an Association of Lot Owners which shall be a non-profit corporation, organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Areas, easements and affairs of the Development in accordance with the Declaration of Restrictions covering the Development (hereinafter the "Subdivision Restrictions" or the "Declaration"). The Martindale Meadows Lot Owners Association (hereinafter the "Association") has been incorporated for that purpose and these Bylaws shall constitute the Bylaws for the Association as required by the Michigan Non-Profit Corporation Act. The Association shall be governed by the Declaration, these Bylaws, the Articles of Incorporation of the Association, duly adopted Rules and Regulations of the Association, and the laws of the State of Michigan. Each Lot Owner shall be a member and no other person or entity shall be entitled to membership in the Association. The share of a Lot Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his or her Lot. All Lot Owners in the Development and all persons using or entering upon or acquiring any interest in any Lot therein or the Common Areas thereof shall be subject to the provisions and terms set forth in the aforesaid Declaration.

ARTICLE II

VOTING

Section 1. VOTES. Except as limited in these Bylaws, each Lot Owner shall be entitled to two (2) votes for each Lot owned within the Development.

Section 2. ELIGIBILITY TO VOTE. No Lot Owner shall be entitled to vote at any meeting of the Association until he or she has presented evidence of ownership of a Lot in the Development to the Association. The votes of each Lot Owner may only be cast by the representative designated by such Lot Owner in the notice required in Section 3 of this Article II or by a written proxy given by such individual representative.

Section 3. DESIGNATION. Each Lot 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 Lot Owner. Such notice shall state the name and address of the individual representative designated, identification of the Subdivision and the number or numbers of the Lot or Lots owned by the Lot Owner and the name and address of each person, firm,

corporation, partnership, association, trust or other entity who is the Lot Owner. Such notice shall be signed and dated by the Lot Owner. The individual representative designated may be changed by the Lot 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 not less than six (6) of the Lot Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association except for voting on questions specifically required herein to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. VOTING. Votes may be cast in person or by proxy or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. MAJORITY. A majority, except where otherwise provided herein, shall consist of more than fifty (50%) percent in number 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, a majority may be required to exceed the simple majority hereinabove set forth of designated voting representatives present in person or by proxy, or by written ballot, if applicable, at a given meeting of the members of the Association.

ARTICLE III

ASSESSMENTS

All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Declarations shall be levied by the Association against the Lots and the Lot Owners thereof in accordance with the following provisions:

Section 1. COMMON AREAS. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Association and the Common Areas and property taxes based thereon shall be treated as expenses of administration.

Section 2. EXPENDITURES AND RECEIPTS. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Areas or the administration of the Development shall constitute expenditures affecting the administration of the Development, and all sums received as the proceeds of, or pursuant to, a policy of insurance securing the interest of the Association or the Lot Owners against liabilities or losses arising within, caused by, or connected with the Common Areas or the

(a) **BUDGET.** 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 Common Areas, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Areas and improvements thereon that must be replaced on a periodic basis must be established in the budget and must be funded by regular assessments rather than by special assessments. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Lot Owner and the assessment for said year shall be established based upon said budget, in accordance with the provisions of any applicable Subdivision Restrictions. Said budget is subject to the approval of a majority of Lot Owners in attendance at the Annual Meeting according to the provisions of Article VIII, Section 2 of the Amended and Restated By-Laws. The failure to deliver a copy of the budget to each Lot Owner shall not affect the liability of any Lot Owner for any existing or future assessments. The Board of Director's authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the Lot Owners and shall not be enforceable by any creditors of the Association or of any Lot Owner.

(b) **ANNUAL ASSESSMENTS.** Annual Assessments shall be determined by the Board of Directors by resolution pursuant to the annual budget established for the fiscal year. The Board of Director's authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the Lot Owners and shall not be enforceable by any creditors of the Association or of any Lot Owner.

(c) **SPECIAL ASSESSMENTS.** Special Assessments for permanent capital improvements or for the payment of a shortfall of operating expenses may be made by the Board of Directors from time to time in their discretion and shall be approved by the Lot Owners in the event that such Special Assessment shall exceed the sum of Ten and 00/100 (\$10.00) Dollars per Lot. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the Lot Owners and shall not be enforceable by any creditors of the Association or of any Lot Owner.

Section 4. APPORTIONMENT AND PENALTY FOR DEFAULT. Unless otherwise provided herein, all assessments levied against the Lot Owners to cover expenses of administration shall be apportioned among and paid by the Lot Owners in equal shares. Annual assessments as determined in accordance with Article III, Section 3(a) above shall be payable by Lot Owners in full in one (1) installment on or before March 1 of each year, commencing with acceptance of a deed to or a land contract vendees interest in a Lot or with acquisition of fee simple title to a Lot by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date of such payment.

Assessments not paid within ten (10) days after the date of the assessment notice shall incur a late charge in the amount of Twenty Five and 00/100 (\$25.00) Dollars per month for each and every month past due until paid in full. Each Lot Owner (whether one (1) or more persons) shall be, and remain, personally liable for the payment of all assessments pertinent to his or her Lot which may be levied while such Lot Owner is the owner thereof. Payments on account of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any charges for late payment and administrative expenses; and third, to payments in default in order of their due dates.

Section 5. NO EXEMPTION BY WAIVER OR ABANDONMENT. No Lot Owner may exempt himself or herself from liability for his or her contribution toward the expenses of administration by waiver of the use of enjoyment of any of the Common Areas or by the abandonment of his or her Lot.

Section 6. ENFORCEMENT.

(a) REMEDIES. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the lien that secures payment of assessments. A Lot Owner in default shall not be entitled to utilize any of the Common Areas of the Development and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Lot Owner of ingress or egress to and from his or her Lot. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

(b) LIEN & FORECLOSURE. Each Lot Owner, and every other person who from time to time has any interest in the Development, shall be deemed to have granted the Association the unqualified right to file a lien against his or her Lot in the event any annual assessments or special assessments are not paid within thirty (30) days of the due date thereof. In addition, each Lot Owner, and every other person who from time to time has any interest in the Development, shall be deemed to have granted the Association the unqualified right to elect to foreclose such lien either by judicial action or, if permitted by Michigan law, by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Lot Owner and every other person who from time to time has any interest in any Lot, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Lot 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.

(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 Lot Owner(s) at his, her or their last known address of a written notice that the annual assessment levied against the pertinent Lot or any special assessment 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 in the form of a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments); (4) the legal description of the subject Lot(s); and (5) the name(s) of the Lot Owner(s) of record. Such affidavit shall be recorded in the Office of the Register of Deeds for Oakland County at least ten (10) days prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. 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 representative designated above and

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 Lot Owner(s) at his, her or their last known address of a written notice that the annual assessment levied against the pertinent Lot or any special assessment 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 in the form of a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments); (4) the legal description of the subject Lot(s); and (5) the name(s) of the Lot Owner(s) of record. Such affidavit shall be recorded in the Office of the Register of Deeds for Oakland County at least ten (10) days prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. 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 representative designated above and shall inform such representative that he may request a judicial hearing by bringing suit against the Association.

(d) **EXPENSES OF COLLECTION.** The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Lot Owner in default and shall be secured by the lien on his Lot.

Section 7. LIABILITY OF MORTGAGEE. Notwithstanding any other provisions of the Declarations, the holder of any first mortgage covering any Lot in the Development (other than a purchase money mortgage given to the seller of the Lot in question) which comes into possession of the Lot pursuant to a foreclosure sale, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Lot which accrue prior to the time such holder comes into possession of the Lot (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 Lots including the mortgaged Lot).

Section 8. STATEMENT OF UNPAID ASSESSMENTS. The owner or purchaser of any Lot may request a statement of the Association as to the outstanding amount of any unpaid Association assessments thereon, whether regular (annual) or special. Upon written request to the Association, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement, as between the Association and any bona fide purchaser of any Lot and by lender who has taken a lien thereon in reliance on such written 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 Lot shall be deemed satisfied, provided, however, that the failure of the purchaser or owner of any Lot to request such statement not less than five (5) days in advance of closing on the purchase of such Lot shall render any unpaid annual and/or special assessment to be fully enforceable against both the seller and the purchaser. Each Lot Owner, and every other person who from time to time has any interest in the Development, shall advise any purchaser of his or her Lot as to: (a) the existence of the

Association; (b) the payment of any annual and special assessments; and (c) the necessity to identify, prorate and/or adjust such assessments on the closing documents prepared in connection with any such purchase and sale of a Lot.

ARTICLE IV

ARBITRATION

Section 1. SCOPE AND ELECTION. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Declarations, or any disputes, claims or grievances arising among or between the Lot Owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

Section 2. JUDICIAL RELIEF. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Lot Owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claim or grievances.

Section 3. ELECTION OF REMEDIES. Such election and written consent by Lot Owner or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE V

INSURANCE

Section 1. EXTENT OF COVERAGE. The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance, officers and directors liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Areas of the Development, if any, and such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

(a) RESPONSIBILITIES OF ASSOCIATION AND LOT OWNER. All such insurance shall be purchased by the Association for the benefit of the Association, and the Lot Owners and their mortgagees, as their interests may appear, and, if appropriate, provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Lot Owners. Each Lot Owner shall obtain insurance coverage at his own expense upon his, her

or their Lot. It shall be each Lot Owner's responsibility to obtain insurance coverage for all buildings and improvements located within his, her or their Lot as well as all personal property located within his, her or their Lot or elsewhere in the Development and for his personal liability for occurrences within his Lot or upon the Common Areas, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association and all Lot Owners shall use their respective best efforts to see that all property and liability insurance carried by the Association or any Lot Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Lot Owner or the Association.

(b) **INSURANCE ON COMMON AREAS.** All Common Areas of the Development and all fixtures and improvements located thereon shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the reasonable insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

(c) **OFFICERS AND DIRECTORS LIABILITY INSURANCE.** The Association, if the Board of Directors deems appropriate, shall also carry officers and directors liability insurance as provided in Article XII below.

(d) **PREMIUMS.** All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

(e) **PROCEEDS.** 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 Lot Owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of facilities or improvements located on the Common Areas shall be required as provided in Article VI of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for such repair, replacement or reconstruction unless in approved by affirmative vote of not less than two-thirds (2/3) of Lot Owners.

Section 2. **AUTHORITY TO SETTLE CLAIMS.** Each Lot Owner, by ownership of a Lot in the Development, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Association, and the facilities and improvements located thereon, the Common Areas with such insurer as may, from time to time, provide such insurance for the Association. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Lot Owners and respective mortgagees, as their interests may appear (subject always to the Declaration), to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owner as shall be

necessary or convenient to the accomplishment of the foregoing. This Power of Attorney shall not be affected by disability of the Lot Owner.

ARTICLE VI

RECONSTRUCTION OR REPAIR

Section 1. DETERMINATION TO RECONSTRUCT OR REPAIR. If any part of the Development or the facilities and improvements located thereon shall be partially or completely destroyed, the determination of whether or not it shall be reconstructed or repaired and the responsibility therefor shall be made in the following manner:

(a) GENERAL COMMON AREAS. If the damaged property is a Common Area, or any facilities or improvement thereon, the damaged property shall be rebuilt or repaired by the Association unless the Board of Directors shall elect otherwise.

(b) LOTS. If the damaged property is any improvement on any Lot, the Lot Owner of such Lot alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or the other person or entity having an interest in such property, and such Lot Owner shall be responsible for any reconstruction or repair that he elects to make. The Lot Owner shall in any event remove all debris and restore his Lot and the improvements thereon to a clean and slightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage.

Section 2. ASSOCIATION RESPONSIBILITY FOR REPAIR. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at anytime during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, the Association shall impose a special assessment against all Lot Owners in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 3. TIMELY RECONSTRUCTION AND REPAIR. If damage to Common Areas adversely affects the appearance of the Development, the Association shall proceed with replacement of the damaged property without delay, and shall prosecute such repairs diligently until completion.

Section 4. EMINENT DOMAIN. If there is any taking of any portion of the Common Areas, the condemnation proceeds relative to such taking shall be used, first, to rebuild, repair or replace the portion so taken or to take such other action as the Association shall deem appropriate, unless, to the extent not in conflict with the Association's obligations to maintain drainage and detention facilities as required by the Declarations, at least two-thirds (2/3) of

the Lot Owners present, if a quorum, shall vote to the contrary. Any excess proceeds shall be retained by the Association and used to defray the expenses of the Association arising thereafter, and the Lot Owners' assessment shall be reduced accordingly. If such remaining proceeds exceeds the Association's anticipated expenses and liabilities for the ensuing year, then such surplus may be distributed in equal shares to all Lot Owners upon affirmative vote of a majority of the Lot Owners; provided that no such distribution may be made if it would result in the Association being treated as a for-profit corporation for income tax or other purposes.

ARTICLE VII

MORTGAGES

Section 1. NOTICE TO ASSOCIATION. Any Lot Owner who mortgages his Lot may notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Lots." The Association may, at the written request of a mortgagee of any such Lot whose name has been submitted by the Lot Owner, report any unpaid assessments due from the Lot Owner of such Lot. The Association shall give to the holder of any first mortgage covering any Lot in the Development whose name and address has been submitted by the Lot Owner written notification of any default in the performance of the obligations of the Lot Owner of such Lot that is not cured within sixty (60) days.

Section 2. INSURANCE. The Association shall notify each mortgagee appearing in said book who requests notice of the name of each company insuring the Common Areas against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amount of such coverage.

ARTICLE VIII

MEETINGS

Section 1. PLACE OF MEETING. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Lot Owners as may be designated from time to time by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Articles of Incorporation, these Bylaws, the Declarations or the laws of the State of Michigan.

Section 2. ANNUAL MEETINGS. Annual meetings of members of the Association shall be held on the second (2nd) Thursday of March each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Board of Directors; provided, however, that the Second Annual Meeting shall not be held sooner than

eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Lot Owners a Board of Directors in accordance with the requirements of Article X of these Bylaws. The Lot Owners may also transact at annual meetings such other business of the Association as may properly come before them. General Membership Meetings shall be held on the second (2nd) Thursday in June, September and January and shall begin at 7:00 p.m.

Section 3. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Lot Owners as directed by resolution of the Board of Directors or upon a petition signed by not less than ten (10%) percent of the Lot Owners entitled to vote presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

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

Section 5. ADJOURNMENT. If any meeting of Lot Owners cannot be held because a quorum is not in attendance, the Lot Owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 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; (f) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors of officers); (g) election of Directors (at annual meeting or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 7. ACTION WITHOUT MEETING. Any action which may be taken at a meeting of the members or the Board of Directors (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members or the Directors. Ballots shall be solicited in the same manner as provided in Section 4 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written

ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of 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 or the Board of Directors, 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; and if, either before or after the meeting, each of the members or Directors not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. QUORUM. At all meetings of the members, the presence of six (6) Lot Owners in person or by proxy shall constitute a quorum for the transaction of business, and the acts of the majority of the members present at a meeting at which a quorum is present shall be the act of the members unless these By-Laws shall require a greater number. If, at any meeting of the members, there be less than a quorum present, the majority of those members present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of any member in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such member for purposes of determining a quorum.

Section 10. MINUTES; PRESUMPTION OF NOTICE. Minutes or a similar record of the proceedings of meetings of members or the Board of Directors, when signed by the President, Secretary or Chairman of the Board, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors, who must be members of the Association or officers, partners, trustees, employees or agents of members of the Association. Directors shall serve without compensation. All Directors shall be "volunteer directors" within the meaning of the Michigan Non-Profit Corporation Act.

Section 2. ELECTION OF DIRECTORS.

(a) **BOARD OF DIRECTORS.** The Board of Directors shall manage the affairs of the Association and shall consist of the President, Vice President and the Secretary/Treasurer of the Association.

(b) **ANNUAL ELECTIONS.** Annual meetings of Lot Owners to elect Directors and conduct other business shall be held on the second (2nd) Thursday of March in accordance with the provisions of Article VIII, Section 2 hereof.

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 Declarations or required thereby to be exercised and done by the Lot 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 for the following:

(a) To perform and fulfill all of the obligations and purposes of the Association as set forth in the Articles of Incorporation and these Bylaws;

(b) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Association and the Development and to delegate to such committees any functions or responsibilities which are not by law or the Declaration required to be performed by the board.

Section 5. MANAGEMENT AGENT. The Board of Directors may employ for the Association a professional management agent at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Declaration required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon ninety (90) days' written notice thereof to the other party.

Section 6. 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 7. REMOVAL. At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by a majority vote of the Lot Owners present, if a quorum, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Lot Owners shall be given an opportunity to be heard at the meeting.

Section 8. FIRST MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected for the purpose of electing Officers of the Association, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 10. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

Section 11. WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. QUORUM. At all meetings of the Board of Directors, two (2) members of the Board of 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, provided, however, that at least two (2) officers are present. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. FIDELITY BONDS. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

Section 14. ACTION WITHOUT MEETING. The Board of Directors may take actions without a meeting pursuant to Article VIII, Section 7 of these By-Laws.

Section 15. PETTY CASH FUND. A petty cash fund shall be created in the amount of Five Hundred and 00/100 (\$500.00) Dollars. The Board of Directors and the President are authorized to expend monies of the Association from this fund not to exceed Fifty and 00/100 (\$50.00) Dollars for any Association project or purpose without approval of the membership, provided however, that the Board of Directors may at no time obligate the Association in excess of funds on hand in its treasury. This fund is in addition to the recurring obligations of the Association (maintenance fees, insurance premiums, etc.) which have been previously approved.

Section 16. DIRECTOR ABSENCES. Any Director who shall be absent without being excused from three (3) out of any six (6) consecutive regular meetings of the Board within a calendar year shall stand automatically suspended, such suspension may be lifted upon request of the suspended Director which request shall be in writing filed with an presented by the President to the Board. The Board may terminate any such suspension at any time by reinstating such Director, or may immediately fill the same with an interim appointment.

ARTICLE XI

OFFICERS

Section 1. OFFICERS. The principal officers of the Association shall be a President, a Vice President and a Secretary/Treasurer who shall be members of the Board of Directors. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two (2) offices except that of President and Vice President may be held by one (1) person. All officers shall be members of the Association.

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 his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. 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. He or she 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 may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

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

Section 6. SECRETARY/TREASURER. The Secretary/Treasurer 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 such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all duties incident to the office of a Secretary. The Secretary/Treasurer shall also be responsible for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall further be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 7. OTHER DUTIES. The Officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a Director or officer of the Association, whether or not he or 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 his or her duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Lot Owners thereof. Further, the Board of Directors is authorized to carry officers' and Directors' liability insurance covering acts of the Officers and Directors of the Association in such amounts as it shall deem appropriate. All Directors shall be indemnified by the Association to the maximum extent permitted under the Michigan Non-Profit Corporation Act.

ARTICLE XIII

SEAL

The Association may (but need not) have a seal which shall have inscribed thereon the name of the Association, the words "Corporate Seal", and "Michigan".

ARTICLE XIV

FINANCE

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

Section 2. FISCAL YEAR. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause. Unless the Directors determine otherwise, the Association's fiscal year shall be the calendar year.

Section 3. BANK. The funds of the Association shall be deposited in such bank as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XV

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 members or by 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 the Association Bylaws.

Section 3. VOTING. These Bylaws may be amended by the Board of Directors at any regular annual meeting or a special meeting called for such purpose, by an affirmative vote of not less than two-thirds (2/3) of the Lot Owners present at such meeting, provided such Lot Owners constitute a quorum for the conduct of business. No consent of Mortgagees shall be required to amend these Bylaws unless such Amendment would materially alter or change the rights of such Mortgagees, in which event the approval of two-thirds (2/3%) percent of the Mortgagees shall be required, which each Mortgagee to have one (1) vote for each mortgage held.

Section 4. WHEN EFFECTIVE. Any amendment to these Bylaws shall become immediately effective when duly adopted in accordance with these Bylaws.

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

ARTICLE XVI

DEFINITIONS

All terms used herein shall have the same meaning as set forth in the Declaration.

ARTICLE XVII

SEVERABILITY

In the event that any of the terms, provisions, or covenants of these Bylaws 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 hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

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