

EXHIBIT "A"

The Condominium Association of Copperwood BYLAWS

ARTICLE I ASSOCIATION OF CO-OWNERS

Copperwood Condominium, a residential Condominium Project located in the Charter Township of Lyon (hereinafter the "Municipality"), Oakland County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit 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 Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to his or her Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project 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.

ARTICLE II 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 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 Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any 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 Project shall constitute receipts affecting the administration

of the Condominium Project, within the meaning of Section 54(4) of the Act. Assessments for Common Elements shall be used to promote the recreation, health, safety, welfare, common benefit, and enjoyment of the Co-owners of the Condominium, including but not limited to (a) the maintenance and improvement of the common areas now or hereafter owned by the Association; (b) the planting and maintenance of tree, shrubs, grass, and other landscaping; (c) the maintenance of median islands whether or not dedicated to the public; (d) the acquisition of common areas, (e) caring for vacant Units, (f) maintenance of drainage facilities which service the Condominium, whether inside or outside of the Condominium boundaries, (g) providing community services; (h) obtaining insurance for the protection of the Co-owners and Association Directors and Officers; (i) maintenance, illumination, irrigation, repair, and replacement of the entryway sign(s), monument walls, and landscaping; (j) maintenance and replacement of street signs not maintained or replaced by the Municipality; and (k) establishing and maintaining appropriate reserves for those purposes.

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

(a) Budget; Regular Assessments The Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management, and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs, and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 2(c) below rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular Project, the Association of Co-owners should carefully analyze the Condominium Project 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. Upon adoption of an annual budget by the Association, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish such lien or the liability of any Co-owner for any existing or future assessments. Should the Association at any time decide, in its sole discretion, (1) that the assessments levied are or may prove to be insufficient (a) to pay the costs of operation and management of the Condominium, (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$1,000 annually for the entire Condominium Project, or (2) that an emergency exists, the Association shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. If such increase or additional assessment exceeds the greater of \$2,500 or 10% of the current annual budget, such incremental increase in the assessment shall be subject to the prior approval of more than 66 2/3% in number and value of the Co-owners. The Association

shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Association to levy assessments pursuant to this subparagraph shall rest solely with the Association for the benefit of the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special Assessments Special assessments, in addition to those required in subparagraph (a) above, may be made by the Association from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to (1) assessments for additions to the Common Elements of a cost exceeding \$1,000 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Association) shall not be levied without the prior approval by 66 2/3% in number and value of the Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof

(c) Apportionment of Assessments 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 each Co-owner's proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in periodic installments the frequency of which will be determined by the Association, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means.

Section 3. Developer's Responsibility for Assessments Neither the Developer of the Condominium, nor any Builder, although a member of the Association, shall be responsible at any time for payment of the regular Association assessments. The Developer or Builder (or any entity so designated by the Developer which may include the Builder), however, shall at all times pay all expenses of maintaining the Units that it owns, including the improvements located thereon, together with the Operating Deficit. For purposes of the foregoing sentence, the Operating Deficit shall mean the amounts that are actually incurred by the Association from time to time for the proper operation, management, and maintenance of the Condominium Project, that are in excess of the assessments received from the Co-owners. In no event shall the computation of the Operating Deficit include any fees or costs associated with deferred maintenance, reserves for replacement, capital improvements or other special assessments. Any assessments levied by the Association against the Developer or Builder for other purposes shall be void without the Developer's or Builder's express written consent.

Further, the Developer and/or Builder shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or Builder or to finance any litigation or other claims against the Developer or Builder, any cost of investigating and preparing such litigation or claim or any similar or related costs. The Developer's and Builder's obligation to pay the Operating Deficit shall automatically terminate on the earlier of either, (i) the Transitional Control Date (as hereinafter defined), or (ii) when the computation of the Operating Deficit equals zero.

Section 4. Penalties for Default. The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the highest rate permitted by law until paid in full. A late charge not to exceed \$25.00 per month per installment may be assessed automatically by the Association upon each installment in default for ten or more days. The Association may, pursuant to Article XX, Section 4 and Article XXI hereof, levy fines for late payment of assessments in addition to such late charge. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner or Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 5. Liens for Unpaid Assessments. Sums assessed by the Association which remain unpaid, including but not limited to regular assessments, special assessments, fines, late charges, and interest shall constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment and upon the proceeds of sale thereof. Any such unpaid sum shall constitute a lien against the Unit as of the first day of the fiscal year to which the assessment, fine, or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges that the Association may levy against any Co-owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act.

Section 6. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use, or enjoyment of the any of the Common Elements, or by the abandonment of his Unit.

Section 7. Enforcement.

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of

assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven-day 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 Project 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 Co-owner of ingress or egress to and from his 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 persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XX, Section 4 of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The Association is entitled to reasonable interest, expenses, costs, and attorney fees for foreclosure by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. The redemption period for a foreclosure is 6 months from the date of sale unless the property is abandoned, in which event the redemption period is 1 month from the date of sale. Further, each Co-owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold, and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph and that he 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 Co-owner of a Unit subject to foreclosure and any purchaser, grantee, successor, or assignee of the Co-owner's interest in the Condominium Unit, is liable for assessments by the Association of the Co-owners chargeable to the Unit that become due before the expiration of the period of redemption together with interest, advances made by the Association for taxes or other liens to protect its lien, costs, and attorney fees incurred in their collection.

(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 days

after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that one or more installments of the annual 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 days after the date of mailing. Such written notice shall be accompanied by 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's 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. Such affidavit shall be recorded in the office of the Oakland County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-day period, the Association may take 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 delinquent Co-owner and shall inform him 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 attorney's 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 Co-owner in default and shall be secured by the lien on his Unit.

Section 8. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the sale or conveyance of the Unit, all unpaid assessments, interest, late charges, fine, costs, and attorney fees against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except, amounts due the state, or any subdivision, or Municipality for taxes and special assessments due and unpaid on the Unit, and payments due under a first mortgage having priority thereto. Upon the payment of the assessments and associated charges, the Association's lien for assessments as to such Unit shall be deemed satisfied. Nothing herein withstanding, the failure of a purchaser to collect the payment for the unpaid assessment at closing of the purchase of such Unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act.

Section 9. Liability of Mortgagee. The mortgagee of a first mortgage of record of a Unit shall give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the Association by certified mail, return receipt requested, addressed to the

resident agent of the Association or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, within 10 days after first publication. The mortgagee of a first mortgage of record shall give notice to the Association of its intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the date the mortgage was recorded, the amount claimed due on the mortgage on the date of the notice, and a description of the mortgaged premises that substantially conforms with the description contained in the mortgage upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address, or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, not less than 10 days before commencement of the judicial action. Failure of the mortgagee to provide notice as required shall only provide the Association with legal recourse and will not, in any event, invalidate any foreclosure proceeding between a mortgagee and mortgagor. If the mortgagee of a first mortgage of record or other purchaser of the Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such person, its successors, and assigns are not liable for the unpaid assessments chargeable to the Unit that become due prior to the acquisition of title to the Unit by such person except for assessments that have priority over the first mortgage under Section 108 of the Condominium Act.

Section 10. Road Improvement Special Assessment At some time subsequent to the initial development, it may become necessary to pave or improve some or all of the roads within or adjacent to the Condominium Premises. The improvement may be financed, in whole or in part, by the creation of a special assessment district or districts that may include Copperwood Condominium. The acceptance of a conveyance or the execution of a land contract by any owner or purchaser, his heirs, executors, administrators, or assigns, shall be provided that the Board of Directors of the Association shall be vested with full power and authority to obligate all Co-owners to participate in a special assessment district, sign petitions requesting said special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all Co-owners, provided, that prior to signature by the Association on a petition for improvement of such public roads, the desirability of said improvement shall be approved by an affirmative vote of not less than 51% of all Co-owners. No consent of mortgagees shall be required for approval of said public road improvement. All road improvement special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of 1978 PA 59, as amended (MCL 559.231).

Section 11. Retention Basin and Storm Drainage System. The cost of maintenance, repair, and replacement of the retention basin and storm drainage system shall be borne by the Association. In the event the Association fails to provide adequate maintenance, repair, or replacement of the storm drainage system, the Municipality may serve written notice of such failure upon the Association. Such written notice shall contain a demand that the deficiencies be cured within a reasonable time period. If such deficiencies are not cured, the Municipality may undertake such maintenance, repair, or replacement and the costs associated plus a 15% administration fee may be assessed against the Co-owners and collected as a special assessment on the next annual Municipality tax roll.

Section 12. 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 13. 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 14. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

ARTICLE III ARBITRATION AND LITIGATION

Section 1. Arbitration Among or Between Co-Owners or Co-Owners and the Association.

(a) Scope and Election Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims, or grievances arising among or between the Co-owners or between Co-owners and the Association, shall be subject to Arbitration upon the election and written consent of the parties to any such disputes, claims, or grievances

(b) Arbitration. With respect to all arbitration under this Section. (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award entered pursuant to such 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 and (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration

(c) Judicial Relief In the absence of the election and written consent of the parties to arbitrate as provided pursuant to Section 1(a) above, no Co-owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims, or grievances.

(d) Election of Remedies Such election and written consent by Co-owners or the Association to submit any such dispute, claim, or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

Section 2. Arbitration between the Developer and Co-owner(s) and/or the Association. By purchase of a Unit, Co-owners agree as follows:

(a) Arbitration between the Developer and Co-owner(s) With respect to any claim that might be the subject of a civil action between a purchaser, Co-owner, or person occupying a restricted Unit under section 104b of the Act and the Developer, which claim involves an amount of Two Thousand Five Hundred Dollars (\$2,500.00) or less and arises out of or relates to the Common Elements of the Project, such claim shall be settled by arbitration at the exclusive option of the purchaser, Co-owner, or person occupying a restricted Unit under section 104b of the Act. All other claims may be settled by arbitration upon the agreement of the parties.

(b) Arbitration between the Developer and the Association With respect to any claim that might be the subject of a civil action between the Association and the Developer, which claim arises out of or relates to the Common Elements of the Condominium Project, if the amount of the claim is Ten Thousand Dollars (\$10,000) or less, such claim shall be settled by arbitration, at the exclusive option of the Association. All other claims may be settled by arbitration upon the agreement of the parties.

(c) Arbitration. With respect to all arbitration under this Section, (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration; and (iii) this agreement herein to arbitrate precludes the parties from litigating such claims in the courts.

(d) Section 107 Action by Co-owners. Nothing in this Section shall, however, prohibit a Co-owner from maintaining an action in court against the Association and its officers and directors to compel these persons to enforce the terms and provisions of the Condominium Documents, nor to prohibit a Co-owner from maintaining an action in court against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

Section 3. Litigation / Arbitration on behalf of Association. Actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws and in the Association's Articles of Incorporation, the Association may assert, defend, or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action or arbitration (other than one to enforce these Bylaws or to collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners, and shall be governed by the requirements of this Section. The requirements of this Section will ensure that the Co-owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the costs of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation.

through additional or special assessments where reasonable and prudent alternatives to the litigation exist. Each Co-owner shall have standing to sue to enforce the requirements of this Section. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these Bylaws or to collect delinquent assessments.

(a) Pre-Litigation Requirements. Prior to commencing a civil action on behalf of the Association, the Board of Directors shall (i) call a special meeting of the Co-owners for the express purpose of evaluating the merits of the proposed litigation ("Litigation Evaluation Meeting"); (ii) at least 10 days prior to the date scheduled for the Litigation Evaluation Meeting, issue a written report to all Co-owners outlining the Board's recommendation that a civil suit be filed, such report shall include a full disclosure of all attempts made by the Board to settle the controversy; (iii) present to the Co-owners, prior to or at the Litigation Evaluation Meeting, the Board of Directors' written recommendation of the proposed attorney for the civil action. Such recommendation shall include, the name and affiliations of the attorney, the number of years the attorney has practiced law, the name and address of every condominium and homeowner association for which the attorney has filed a civil action together with the case number, county, and court in which each action was filed, the litigation attorney's proposed written fee agreement, the litigation attorney's total estimated cost of the civil action through a trial on the merits, including legal fees, court costs, expert witness fees and all other expenses expected to be incurred, the litigation attorney's written estimate of the amount the Association is likely to recover in the suit net of legal fees, court costs, expert witness fees, and all other expenses expected to be incurred in the litigation, the attorney's billing and payment policies, and the litigation attorney's commitment to provide written status reports of the litigation, settlement progress, and updated cost and recovery estimates no less than every 30 days, (iv) present to the Co-owners prior to or at the Litigation Evaluation Meeting the amount to be specially assessed against each Unit in the Condominium to fund the total estimated cost of the civil action through a trial on the merits in both total and on a monthly per Unit basis.

(b) Co-owner Litigation Approval. At the Litigation Evaluation Meeting the Co-owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney proposed by the Board of Directors. The commencement of any civil action by the Association (other than a suit to enforce these Bylaws or collect delinquent assessments) must be approved by 66 2/3% in number and value of the Co-owners.

(c) Litigation Assessment. All fees estimated to be incurred in pursuit of any civil action subject to paragraph (a) above shall be paid only by special assessment of the Co-owners, which special assessment must be approved at the Litigation Evaluation Meeting. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

(d) Independent Expert Opinion. If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board of Directors shall obtain a

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

(e) Litigation Reviews. The Board of Directors shall meet monthly during the course of any civil action to discuss and review: (i) the status of the litigation; (ii) the status of settlement efforts, if any, and (iii) the attorney's written report

(f) Disclosure of Litigation Expenses The litigation expenses, including attorney's fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association shall be fully disclosed to Co-owners in the Association's annual budget. In addition, litigation expenses shall be made reasonably available for Co-owner review on written request of a Co-owner.

ARTICLE IV INSURANCE

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

(a) Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association, the Developer, and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners, upon request of a mortgagee.

(b) Insurance of Common Elements. All General Common Elements of the Condominium Project shall be insured against perils covered by a standard extended

coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable replacement value as determined annually by the Board of Directors of the Association. The Association shall not be responsible, in any way, for maintaining insurance with respect to Limited Common Elements.

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

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

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his or her 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 Common Elements appurtenant to the Condominium, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing. Unless the Association obtains coverage for the dwelling within the Unit pursuant to the provisions of Article IV, Section 3 below, the Association's authority shall not extend to insurance coverage on any dwelling or other improvement located within a Unit.

Section 3. Responsibilities of Co-owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the dwelling and all other improvements constructed or to be constructed within the perimeter of his or her Condominium Unit, and for his or her personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event

of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each Co-owner also shall be obligated to obtain insurance coverage for his or her personal liability for occurrences within the perimeter of his or her Unit or the improvements located thereon (naming the Association and the Developer during the Development and Sales Period, as insureds), and also for any other personal insurance coverage that the Co-owner wishes to carry. Such insurance shall be carried in such minimum amounts as may be specified by the Association and such coverage shall not be less than \$1,000,000 (and as specified by the Developer during the Development and Sales Period) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer upon request. The Association shall under no circumstances have any obligation to obtain any of the insurance coverages described in this Section 3 or any liability to any person for failure to do so.

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

Section 5. Indemnification Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer, or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Development and Sales Period). This Section 5 shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner, however.

ARTICLE V RECONSTRUCTION OR REPAIR

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

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

(b) Unit or Improvements Thereon. If the damaged property is a Unit, Limited Common Element or any improvements thereon, the Co-owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the

rights of any mortgagee or other person or entity having an interest in such property, and such Co-owner shall be responsible for any reconstruction or repair that he or she elects to make. The Co-owner shall in any event remove all debris and restore his or her Unit, Limited Common Element and the improvements thereon to a clean and slightly condition satisfactory to the Association and in accordance with the provisions of Article V hereof as soon as reasonably possible following the occurrence of the damage

Section 2. Repair in Accordance with Master Deed, etc Any such reconstruction or repair of an improvement within the General Common Elements shall be substantially in accordance with the Master Deed and the original plans and specifications of the improvements unless the Co-owners shall unanimously decide otherwise.

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

Section 4. Timely Reconstruction and Repair. If damage to the General Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay

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

(a) Taking of Unit or Improvements Thereon In the event of any taking of all or any portion of a Unit, Limited Common Element or any improvements thereon by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and his or her mortgagee shall, after acceptance of the condemnation award therefore, be divested of all interest in the Condominium Project.

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

(c) Continuation of Condominium After Taking. In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner.

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

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

Section 6. Priority of Mortgagee Interests Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI USE AND OCCUPANCY RESTRICTIONS; ENFORCEMENT

Section 1. Establishment of Restrictions. In order to provide for congenial occupancy of the Condominium, and for the protection of the value of the Units, the use of Condominium property shall be subject to the following limitations:

(a) Use of Units No Condominium Unit shall be used for other than single-family residential purposes and the Common Elements shall be used only for purposes consistent with residential use subject to Municipality approval. No building of any kind whatsoever shall be erected, re-erected, moved, or maintained on any Unit except for a single-family dwelling and appurtenant attached structures. Each dwelling shall be designed and erected for occupation as a single-family residence and shall have an attached garage for the sole use of the occupants of the Unit.

(b) Use of General Common Elements. No member shall alter or change any of the General Common Elements from the way they were originally installed or constructed by the Developer without the express written approval of the Board of Directors. The Board of Directors, in its sole discretion, may disapprove any such

request. Even after approval, a member shall be responsible for all damages to any other Units and the improvement thereon or to the Common Elements, resulting from any such alteration.

(c) Character and Size of Buildings. No dwelling shall be permitted on any Unit unless the living area thereof shall be not less than two thousand (2,000) square feet. No building greater than two and one half stories or thirty (30) feet shall be constructed (a walkout basement shall not be considered as a story). All computations of square footage for determination of the permissibility of erection of residences under this section, shall be exclusive of basements, attics, utility rooms, garages, porches or similar areas which are not normally classified as living areas. All plans are subject to be reviewed and approved by the Developer prior to the commencement of construction during the Development and Sales Period and thereafter by the Association.

(d) Driveways All driveways, aprons, and parking areas must be paved with concrete or asphalt, subject to the specifications of the Municipality for the portions within the road right-of-way. Alternative materials may be used with the prior written approval of the Architectural Review Committee in its exclusive discretion. The driveways must be completed immediately subsequent to the construction of the dwelling served thereby, weather permitting, or as soon thereafter as possible

(e) Landscaping Each Co-Owner shall plant on their Unit at least six (6) evergreen trees that are not less than 8 feet in height (four (4) in the back yard and two (2) in the front yard) and six (6) hardwood deciduous trees that are at least two (2) inch dbh, at least three of which are maple trees (any four (4) in the front yard and any two (2) in the rear yard). Any Co-owner taking occupancy of a newly constructed Unit between September 1 and May 1 shall have the landscaping improvements, including, but not limited to, trees, plantings, shrubs and lawns, installed by the next July 31. Any Co-owner taking occupancy of a newly constructed Unit between May 1 and August 31 shall have the landscaping improvements as described above installed by November 30 of that year. The Unit and the right-of-way contiguous to each Unit shall be kept free of weeds by the Co-owner, and all such landscaping and lawns shall be well-maintained at all times

(f) Garages All single family dwellings shall have either two or three car garages. Carports and detached garages shall not be erected, placed or permitted to remain on any unit. Garage doors shall not face the street on which the dwelling fronts.

(g) Trailers, Boats, Recreation and Commercial Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping, recreational vehicles, camping trailers, horse trailers, or other utility trailers or vehicles may be parked on or stored on any Unit, unless stored fully enclosed within an attached garage. Commercial vehicles and trucks shall not be parked in the Project except while making normal deliveries or pickups in the normal course of business. However, a construction trailer may be maintained by each Builder or independent contractor contracting with a Co-

owner during the Development and Sales Period when new houses are under construction in the Project (as prescribed in the Master Deed)

(h) Laundry There shall not be any drying, shaking or airing of clothing or other fabrics, nor shall laundry be hung for drying outside the dwelling or on any Unit.

(i) Balconies, Porches or Decks No unsightly condition shall be maintained upon any balcony, porch, or deck and only furniture and equipment consistent with ordinary yard, balcony, porch, or deck use 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 in such areas during seasons when they are not reasonably in use. All decks erected on a Unit shall be located at the rear or side of the Unit and shall be constructed with pressure treated wood or other similar materials, as approved by the Architectural Review Committee, for a minimum of the deck floor and railings

(j) Maintenance of Improvements Each Co-owner shall keep all improvements to the Unit in good condition and in good repair at all times. The exterior of all structures shall be maintained in good repair, structurally sound and in a sanitary condition so as not to threaten the health, safety, or welfare of any occupant or to substantially detract from the appearance of the Project as a whole or any area of the Project

(k) No Use of Firearms or Dangerous Weapons No member shall use, or permit any occupant, agent, employee, invitee, guest or member of his family to use, any firearms, rifles, shotguns, handguns, air rifles, pellet guns, BB guns, crossbows, archery equipment, or other similar dangerous weapons, projectiles, or any devices which fire projectiles of any kind, anywhere on or about the Condominium Premises.

(l) Activities No immoral, improper, unlawful, or offensive activity shall be carried on in any Unit or upon the Limited or General Common Elements, nor shall anything be done which may be or become an annoyance or a nuisance to the members, nor shall any unreasonably noisy activity be carried on in any Unit or on the Common Elements. No member owning any Unit shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the insurance rate on the Condominium without the written approval of the Association. Each member who is the cause thereof shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition

(m) Aesthetics The General Common Elements shall not be used to store supplies, materials, personal property, trash, or refuse of any kind, except as designated by the Association. There shall not be any drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by a member, either in his Unit or upon the Common Elements, which spoils the appearance of the Condominium. No "through the wall" air conditioner units may be installed on the front wall or window of any dwelling or building. Outside air conditioner compressors

shall be located in the rear of the dwelling and must be installed so as to not create a nuisance to the adjacent Unit Co-owners.

(n) Signs. No sign or billboard of any kind shall be placed, erected, or maintained on any Common Element, Unit, or structure on any Unit, or placed in a window of a structure visible from any street excepting that the provisions of this paragraph shall not apply to such signs as may be for purposes of resale by any Co-owner. Signs for purposes of resale of a Unit shall be limited to one sign per Unit not exceeding four square feet and shall be subject to review and approval of the Association and the Developer (so long as the Developer shall hold title to any Unit). The provisions of this paragraph shall not apply to signs installed or erected on any Unit by the Developer or any Builder (provided, however that such signs must be approved by the Developer during the Development and Sales Period) during such periods as any Units shall be "for sale" or used as a model or for display purposes by the Developer.

(o) Outside Burning. There shall be no exterior fires, except barbecues. No Co-owner shall permit any condition upon a Unit that creates a fire hazard or is in violation of fire prevention regulations.

(p) Mailboxes Mailboxes shall be installed for each Unit in the Project, in accordance with the approved by the Architectural Review Committee. Mailboxes shall be uniform throughout the Project. Mailboxes shall be installed by the Developer, Builder or the Association (as they may agree), at the cost of each individual Unit owner. Each Co-owner shall pay the expense of the mailbox and its installation in an amount established by the Developer or the Association at the time of closing. A Co-owner may not install or maintain a separate receptacle for newspapers, magazines, or other similar materials. The Association shall be responsible for the maintenance and replacement cost of mailboxes. Co-owners may install or have installed a temporary mailbox at a location determined by the Developer, which mailbox shall be removed when the permanent mailbox is installed and service/delivery by the U.S. Post Office Service commences.

(q) Sidewalks At the time of construction of the residential dwelling upon a Unit, each Unit Co-owner shall install a 4" thick concrete sidewalk, 5'0" in width, located 1'0" from the front Unit line and running parallel to the adjoining street at the front of the lot. Corner Units shall have two intersection sidewalks constructed and installed on it in accordance with the above-listed specifications, with one sidewalk running parallel with the adjoining street at the front of the Unit and the other sidewalk running parallel with the adjoining street at the side of the Unit. Each sidewalk shall tie in with the sidewalk existing or to be built on the adjacent Unit, if any, and in the case of a corner Unit shall also connect into the adjoining street perpendicular to the sidewalk. Notwithstanding anything to the contrary, all sidewalks shall be constructed and installed in accordance with the requirements of the Municipality.

(r) Roads and Sidewalks. Roads, sidewalks, and in general all of the General Common Elements, shall not be obstructed in any way nor shall they be used for

purposes other than those for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, or benches may be left unattended on or about the General Common Elements, without the prior written consent of the Board of Directors

(s) Animals or Pets. No farm animals, livestock, or wild animals may be kept, bred, or harbored at the Condominium for commercial purposes. Domestic animals commonly deemed to be household pets may be kept by a Co-owner and members of his household so long as such pets shall have such care so as not to be objectionable or offensive on account of noise, odor, or unsanitary conditions. Any domestic animal kept by a Co-owner and members of his household shall be kept either on a leash or in a run or pen. No runs or pens shall be permitted to be erected or maintained unless located within the rear yard adjacent to a wall or the main dwelling or garage and facing the rear or the interior of the Unit, nor shall such runs or pens extend beyond the end of the dwelling or garage into the side yard. Prior to installing any run or pen, the Co-owner must obtain the Association's written approval of the proposed location and size of the run or pen, and the materials to be used in the construction of the run or pen. No animal or pet shall be permitted to run loose upon the Common Elements, Limited or General. The Association may charge all Co-Owners maintaining a pet a reasonable additional assessment to be collected in the manner provided in these Bylaws if the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to pets as it may deem proper. Any person who causes an animal to be brought or kept in the Condominium shall indemnify and hold harmless the Association from any damage, loss, or liability which might accrue to the Association as a result of the presence of such animal in the Condominium

(t) Temporary Structures Trailers, shacks, barns, or any temporary buildings of any description whatsoever are expressly prohibited and no temporary occupancy shall be permitted in unfinished buildings. Tents for entertainment or recreational purposes are permitted for periods not to exceed forty-eight (48) hours. The Developer, any Builders or their subcontractors, and/or independent contractors contracting with a Co-owner, may erect temporary storage buildings for materials and supplies to be used in the construction of houses during the Development and Sales Period.

Children's play structures and equipment are permitted, provided that: (a) prior to erecting any children's play structure or equipment, the Co-owner shall obtain written approve of the Architectural Review Committee or Association, of the size, height, location, color and materials to be used in the play structure or equipment, (b) the structure or equipment shall be located in the rear yard, with due consideration given to the impact of the structure or equipment upon the views from neighboring yards, and the noise that may be transmitted to neighboring yards, and (c) dangerous structures

and equipment shall not be permitted. Approval of any play structure or equipment shall not be deemed as an endorsement by the Architectural Review Committee, the Association, or the Developer as to the safety or design of the structure or equipment, and the Architectural Review Committee, the Association, and the Developer shall have no liability for any accident, damage, or loss to person or property that may happen upon or around the structure or equipment.

A basketball hoop may be installed on a pole adjacent to the driveway on any Unit. Backboards shall be made of fiberglass or plexiglass, and the pole shall be made of a non-rusting material. Basketball hoops and backboards shall not be attached to any house or garage.

(u) Swimming Pools No above-ground swimming pools may be built on any Unit. All in-ground swimming pools: (a) conform to all ordinances and requirements of the Municipality, (b) be located only in rear yards, (c) be located not closer than 20 feet to the rear of the house, (d) be protected by a decorative screening fence, and (e) be constructed pursuant to a plan first approved in writing by the Architectural Review Committee as to size, location, materials and other aesthetic qualities. No hot-tub or spa shall be installed on or built on a Unit that is visible from the street or sidewalk in front of the residential structure.

(v) Antennas, Cable Television Dish No radio, television or other communication antennas or satellite dish of any type shall be installed on or outside of any structure located upon a Unit that is visible from the street or sidewalk in front of the residential structure. No antennas or satellite dish in excess of 24" in diameter shall be placed on any Unit. This section is intended to comply with the rules governing antennas adopted by the FCC effective October 14, 1996, and FCC Orders released September 25, 1998 and November 20, 1998, and is subject to review and revision to conform to any changes in the content of the FCC rules or the Telecommunications Act of 1996, as amended.

(w) Trash and Garbage No Co-owner shall throw or allow to accumulate on his or any other Unit or the Common Elements, trash, refuse, or rubbish of any kind. No Co-owner shall dump or otherwise dispose of chemicals, motor oil, paint, gasoline or petroleum distillates in, over or within the Project or the sanitary or storm sewer drains serving the Project. No Unit shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and the same shall not be kept except in sanitary containers properly concealed from public view. Garbage containers shall not be left at the roadside for more than twenty-four (24) hours in any one week. If the Municipality does not provide municipal garbage collection, the Association may contract with one commercial collection service to provide service to all Units and require each Co-owner to utilize the service of that contractor at the Co-owner's expense.

(x) Utility Lines All utility lines, including electric, gas, telephone and cable television, must be installed underground.

(y) Unit Leasing and Rental. A Co-owner may lease his Unit for the same purposes set forth in this Article provided that written disclosure of such lease transaction is submitted to the Association in the manner specified in subsection "1" below, and provided that written approval (which approval shall not be unreasonably withheld) of such transaction is obtained from the Association. No Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least twelve months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements, and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion.

1. Leasing Procedures The leasing of Units in the Project shall conform to the following provisions:

(i) A Co-owner, not including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents.

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

(iii) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action.

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

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

(c) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any

damages to the Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project

(iv) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following: (a) issue a statutory notice to quit for non-payment of rent to the tenant and the Association shall have the right to enforce the notice by summary proceeding; (b) initiate proceedings on the Association's behalf or derivatively by the Co-owners on behalf of the Association, an action for both eviction against the tenant or non-Co-owner and, simultaneously, an action for money damages against the Co-owner and tenant or non-Co-owner occupant for breach of the conditions of the Condominium Documents.

(z) Rules and Regulations Reasonable rules and regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the Board of Directors appointed by the Incorporator and its successors. Copies of all such rules, regulations, and amendments thereto shall be furnished to all members and shall become effective ten (10) days after mailing or delivery thereof to the designated voting representative of each member. Any such rules, regulations, or amendments may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all members at any duly convened meeting of the Association, except that the members may not revoke any rule, regulation, or amendment prior to the First Annual Meeting of the Association.

(aa) Application of Restrictions to Developer. None of the restrictions contained in this Article shall apply to any of the activities of the Developer during the Development and Sales Period, or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation and Bylaws as the same may be amended from time to time. Until all units have been sold by Developer, Developer shall have the right to maintain a sales office, a business office, storage areas, reasonable parking incident to the foregoing and such access to, from and over the project as may be reasonable to enable development and sale of the entire project by Developer.

(bb) Sales – Business Office Notwithstanding anything to the contrary elsewhere herein contained, Developer shall have the right to maintain a sales office, a business office, a construction office, model units, storage areas, and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to facilitate the development and sale of the entire Project. During the

Development and Sales Period the Developer shall be responsible for all costs related to sales and business offices as provided under this section including all costs related to Units and Common Elements used by the Developer in furtherance of the development and sale of the Project. Developer may assign these rights to any Builder(s) or other legal entity during the Development and Sales Period. Developer shall restore the areas so utilized under this section, whether used by the Developer or by its assignee(s), to habitable status upon termination of use, or such costs required to restore same shall be chargeable to the Developer by the Association.

(cc) Water Softeners. So as to maintain permitted discharge limits in the municipal waste water treatment plant, the use of sodium chloride in water softeners is prohibited. Potassium chloride or such other process as approved by the Township Building Official is permitted. Water softener backwash shall not be discharged into the sanitary sewer system.

(dd) Conservation Easement Areas The Condominium contains certain mitigated wetlands, uplands and wetland areas worthy of preservation in their natural and undeveloped conditions, which shall be preserved without interference, improvement, excavation, fill or other work which would in any way alter any portion of said open space or Conservation Easement Areas from their natural state without the prior written consent of the MDEQ and the Township. The Association shall be responsible for all stewardship fees associated with the Conservation Easement. Further, no rubbish, debris, trash, chemicals, fertilizers, petroleum distillates, or other substances of any kind shall be placed on or in the open space and Conservation Easement Areas. The Conservation Easement Areas must be preserved pursuant to the requirements of the MDEQ permit (Exhibit G to the Planned Development Agreement) and the Conservation Easement (Exhibit H to the Planned Development Agreement), with the demarcation of the MDEQ permit and Conservation Easement boundaries by the placement of signage every 100 feet along the entire easement boundary. The signage shall be made of suitable material to withstand the Michigan climate and shall be replaced when needed. The signage must include the following language.

"WETLANDS CONSERVATION EASEMENT: NO MOWING, CUTTING, CONSTRUCTION, FILLING, OR DREDGING ALLOWED. QUESTIONS SHOULD BE DIRECTED TO THE MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY, LAND AND WATER DIVISION."

Section 2. Non-Co-owner Compliance.

(a) All non-Co-owner occupants of or visitors to any unit shall comply with all of the terms and conditions of the Condominium Documents and the provisions of the Act.

(b) If the Association determines that a non-Co-owner occupant or visitor has failed to comply with the conditions of the Condominium Documents, or the provisions of the Act, the Association shall take the following action: (i) the Association shall advise the appropriate member by certified mail of the alleged violation by a person occupying

or visiting his Unit, (ii) the member shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach or advise the Association that a violation has not occurred, (iii) if after fifteen (15) days the Association believes that the alleged breach has not been cured or may be repeated, it may institute on its behalf, or derivatively by the members on behalf of the Association if it is under the control of the Developer, an action for eviction against the non-Co-owner occupant or visitor and, simultaneously, for money damages against the member and non-Co-owner occupant or visitor for breach of the conditions of the Condominium Documents or of the Act. The relief set forth in this Section may be by any appropriate proceeding. The Association may hold both the non-Co-owner occupant or visitor and the member liable for any damages caused to the Condominium. If the violation is determined to be of an emergency nature, the Association may apply to the appropriate court for, and obtain injunctive relief, in addition to all other remedies including money damages as above.

Section 3. Co-owner Maintenance. Each Co-owner shall maintain his or her Unit, the dwelling constructed thereon, and any Limited Common Elements appurtenant thereto for which he or 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, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him or her, or his or her family, guests, contractors, agents, or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Each individual Co-owner shall indemnify the Association and all other Co-owners against such damages and costs, including attorneys' fees, and all such costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 4. Enforcement. Failure to comply with any of the terms of the Act, the Master Deed, these Bylaws, the Articles of Incorporation, or Rules and Regulations of the Association, shall be grounds for relief, which may include, without limitation, an action to recover sums due for such damages, injunctive relief, and any other remedy that may be appropriate to the nature of the breach. The failure of the Association to enforce any right, provision, covenant, or condition which may be granted by the Act, the Master Deed, these Bylaws, the Articles of Incorporation, or Rules and Regulations of the Association, shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant, or condition in the future. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

Section 5. Waiver. During the Development and Sales Period, the Developer, and thereafter the Association, may waive the restrictions contained herein if it reasonably

determines that the harmony and appearance of the community will not be adversely affected thereby

ARTICLE VII ARCHITECTURAL REVIEW COMMITTEE

Section 1. Architectural Review Committee. No building, wall, deck, swimming pool, hot tub, outbuilding, drainage structure or other structure, or exterior improvement shall be commenced, erected, or maintained on any Unit, nor shall any exterior addition to or change or alteration therein or change in the exterior appearance thereof be made until the plans and specifications showing the kind, size, shape, height, colors, materials, topography, and location of the same on the Unit shall have been submitted to and approved in writing by an Architectural Review Committee (the "Architectural Review Committee" or "Committee"). The Committee shall be composed of three (3) persons appointed by the Developer during the Development and Sales Period and thereafter appointed by the Association. The Committee members are not required to be Members of the Association, and may be employees, officers, directors, agents, or affiliates of the Developer. Each member of the Committee shall serve until he resigns or is replaced by a subsequent appointee. The Developer may delegate or assign its power of appointment of committee members to its successors, assigns, or the Association. Neither the Developer nor the Committee shall have any liability whatsoever for the approval or disapproval of any plans or specifications.

Section 2. Preliminary Plans. Preliminary plans describing the improvements proposed to be made may be submitted to the Architectural Review Committee for preliminary consideration and approval prior to the preparation and submission of the plans and specifications described in Section 3 below.

Section 3. Plans and Specifications. Plans and specifications for final consideration for approval by the Architectural Review Committee shall include the following:

- (a) Complete plans and specifications sufficient to secure a building permit in the Municipality including a dimensioned plot plan showing the Unit and placement of all improvements;
- (b) Front elevation, side elevations and rear elevation of the building, plus elevations of any walls and fences;
- (c) A perspective drawing, if deemed necessary by the Committee, to interpret adequately the exterior design;
- (d) Data as to size, materials, colors and texture of all exteriors, including roof coverings and any fences and walls;
- (e) One set of blueprints to be left with the Committee until construction is completed;

(f) Any other data, drawings, or materials which the Committee requests in order to fulfill its function.

Section 4. Compliance with Building and Use Restrictions. No approval by the Architectural Review Committee shall be valid if the structure or improvement violates any of the restrictions set forth in Article VI of these Bylaws, except in cases where waivers have been granted, or the Architectural and General Site Design Guidelines as set forth in the Copperwood Planned Development Agreement

Section 5. Disapproval of Plans or Improvements The Architectural Review Committee may disapprove plans because of noncompliance with any of the restrictions set forth in Article VI of the Bylaws, or because the Committee is not satisfied with the grading and drainage plan, the location of the structure on the Unit, the materials used, the color scheme, the finish, design, proportion, shape, height, style or appropriateness of the proposed improvement or alteration or because of any matter or thing, which, in the judgment of the Committee, would render the proposed improvement or alteration inharmonious with, or out of keeping with, the objectives of the Committee, the Condominium or with improvements erected or to be erected on other Units in the Project, including purely aesthetic considerations. The Committee shall not be liable for the approval or disapproval of any plan

Section 6. Approval Time Schedule. If the Architectural Review Committee fails to approve or disapprove plans within thirty (30) days after the proper and complete submission of plans and specifications, then such approval will not be required, but all other limitations, conditions and restrictions set forth in the Bylaws shall apply and remain in force as to such plans, specifications, and improvements.

Section 7. Committee Approval. Architectural Review Committee approval shall be deemed given if either (a) the plans and specifications submitted for approval are marked or stamped as having been finally approved by the Committee, or (b) an approval form specifying the plans and specifications submitted for approval is dated and signed by one (1) member of the Committee who was validly serving on the Committee on the date of such approval

Section 8. Guidelines. The Architectural Review Committee may, but shall not be required to, adopt guidelines for its approval process. The guidelines, if adopted, may include discussion of aesthetic standards to be utilized by the Committee in approving plans and specifications, preferred materials, preferred styles or residences, and other matters which will assist Co-owners seeking Committee approval. The guidelines, if adopted, will be intended solely for the purposes of illustrating and explaining current Committee standards. The guidelines shall not be construed to create any obligation on the part of the Committee to approve or reject any specific plan or specification or to otherwise modify or diminish the discretion of the committee under this Article

Section 9. Review Fee. The Architectural Review Committee shall charge a review fee of Three Hundred and 00/100 (\$300.00) Dollars to any Builder or Co-owner for the purposes of reviewing plans for the construction of a residence. The fee may not be utilized for the purposes of paying salaries to any members of the Committee but shall be utilized

exclusively for the purposes of reimbursing actual expenses of the Committee, including, but not limited to, professional review fees of independent consultants. The amount of the review fee may be adjusted from time to time by the Architectural Review Committee as it deems such adjustment appropriate

ARTICLE VIII MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his or her Unit shall notify the Association of the name and address of the mortgagee at closing and shall further notify the Association of any subsequent mortgagee acquiring an interest in the Co-owner's Unit. The Association shall maintain such information in a book entitled "Mortgages of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days. If a Co-owner fails to provide the information required in this section the Association may charge the Co-owner for any costs it incurs in collecting the information for its records and the costs incurred may be collected from the Owner in the same manner as assessments are collected under these Bylaws

Section 2. Insurance. The Association shall, if requested, notify each mortgagee appearing in said book of the name of each company insuring the Condominium with extended coverage, and against 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 IX VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he or she has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article IX, Section 2 of these Bylaws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article X. 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 IX below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of

members At and after the First Annual Meeting the Developer shall be entitled to one vote for each Unit which it owns. If, however, the Developer elects to designate a Director (or Directors) pursuant to its rights under Article XII; it shall not then be entitled to also vote for the non-developer Directors.

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

Section 4. Quorum The presence in person or by proxy of 35% of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting 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 only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50% 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 majority defined in the preceding portions of this Section 6

ARTICLE X MEETINGS

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

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than 50% of the Units have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Co-owners of 75% of all Units or 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 10 days' written notice thereof shall be given to each Co-owner.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the first Tuesday of April 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 8 months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XII of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by 1/3 of the Co-owners 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. Notice of any special meeting must be sent within 14 days of the president calling a special meeting or within 14 days of receipt by the secretary of the Association of a petition signed by 1/3 of the Co-owners requesting a special meeting. Any special meeting shall be held within 30 days following issuance of the meeting notice. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article IX, 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 6. Adjournment. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the members shall be as follows. (a) roll call to determine the voting power represented at the meeting; (b) 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 or officers); (g) election of Directors (at annual meeting or special meetings held for such purpose), (h) unfinished business; and (i) new business. The most senior officer of the Association present at such meeting shall chair meetings of members. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 8. Action Without Meeting. Any action that may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 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 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the members 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 10. Minutes: Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE XI PROFESSIONAL MANAGEMENT COMPANY AND ADVISORY COMMITTEE

Section 1. Professional Management Company. At any time prior to the Transitional Control Date (as hereinafter defined), the Developer or Builder may employ for the Association a professional management company (which may include the Developer or any person or entity related thereto) to perform such duties and services as the Developer or

Builder shall authorize, including, but not limited to, the administration of the affairs of the Association, the levying and collection of assessments, acquiring and maintaining insurance, and the Developer or Builder may delegate to such management company any other duties or powers which are not prohibited by law or by the Condominium Documents. In no event shall the Developer or Builder enter into any contract with a professional management company which would result in a contract or obligation that violates the provisions of Section 55 of the Act

Section 2. Advisory Committee. Within 1 year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of 1/3 of the total number of Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable. The advisory committee shall meet with the Board of Directors. The purpose of the Advisory Committee shall be to facilitate communications between the Association and the other Co-owners and to aid in the transition of control of the Association from the Developer to purchaser Co-owners. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the board of directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners

ARTICLE XII BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall initially be comprised of three members all of whom must be members of the Association or officers, partners, trustees, employees, or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

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

(b) Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% of the Units that may be created, one of the directors shall be selected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units that may be created, 33 1/3% of the directors shall be elected by non-developer Co-owners. When the required percentage of conveyances have been reached, the Developer shall notify the non-developer Co-owners and convene a meeting so that the

Co-owners can elect the required director or directors, as the case may be. Upon certification by the Co-owners to the Developer of the director or directors so elected, the Developer shall then immediately appoint such director or directors to the board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

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

(i) Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created, the non-developer Co-owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one director as long as the Units that remain to be created and conveyed equal at least 10% of all Units that may be created in the Project. Such Developer designee, if any, shall be one of the total number of directors referred to in Section 1 above and shall serve a one-year term pursuant to subsection (iv) below. Whenever the 75% conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(ii) Regardless of the percentage of Units which have been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, the non-developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which maintenance expenses are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the Board of Directors.

(iii) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsection (ii), or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection (b) results in a right of non-developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (i).

(iv) At the First Annual Meeting three directors shall be elected for a term of three years, two years and one year. At such meeting all nominees shall stand for election as one slate and the person receiving the highest number of votes shall be elected for a term of three years, the person receiving the next highest number of votes shall be elected for a term of two years, and the person receiving the next highest number of votes shall be elected for a term of one year. At each annual meeting held thereafter, either or directors shall be elected depending upon the number of directors whose terms expire. After the First Annual Meeting, the term of office (except for two of the directors elected at the First Annual Meeting) of each director shall be three years. The directors shall hold office until their successors have been elected and hold their first meeting.

(v) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect directors and conduct other business shall be held in accordance with the provisions of Article X, Section 3 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 Condominium Documents or required thereby to be exercised and done by the Co-owners. Any action required by the Condominium Documents to be done by the Association shall be performed by action of the Board of Directors unless specifically required to be done by, or with the approval of, the Co-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 manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.
- (b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty.
- (e) To contract for and employ persons, firms, corporations, or other agents to assist in the management, operation, maintenance, and administration of the Condominium Project.
- (f) To acquire, maintain and improve; and to buy, operate manage, sell, convey, assign, mortgage, or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association.

(h) To make rules and regulations in accordance with Article VI, Section 1(z) of these Bylaws

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

(j) To enforce the provisions of the Condominium Documents.

(k) To collect from each Co-owner the annual assessment levied against him by the Association and to pay over all such assessments to said Community Association.

Section 5. Management Agent The Association may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three years, which is not terminable by the Association upon 90-day written notice thereof to the other party, or which provides for a termination fee and no such contract shall violate the provisions of Section 55 of the Act

Section 6. Vacancies Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any director whom it is permitted in the first instance to designate. Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-developer Co-owner elected directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Co-owners and a successor may then and there be elected to fill any vacancy thus created.

The quorum requirement for the purpose of filling such vacancy shall be the normal 35% requirement set forth in Article IX, Section 4. Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the directors selected by it at any time or from time to time in its sole discretion. Likewise, any director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director personally, by mail, telephone, or telegraph, at least ten 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-day 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 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 meeting of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon 24-hour prior written notice delivered to all directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such director for purposes of determining a quorum.

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control

Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

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

ARTICLE XIII OFFICERS

Section 1. Officers The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary, and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. One person may hold any two offices except that of President and Vice President.

(a) President The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. 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 or she may in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) Vice President The Vice President shall take the place of the President and perform 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.

(c) Secretary The Secretary shall keep 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 the Secretary.

(d) Treasurer The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

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

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

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

ARTICLE XIV SEAL

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

ARTICLE XV FINANCE

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

Section 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association 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 XVI INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and 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 him 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 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 for willful and wanton misconduct and for gross negligence, or 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 Association (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 days prior to payment of any indemnification which it has approved, the Association shall notify all Co-owners thereof. Further, the Association is authorized to carry officers' and directors' liability insurance covering acts of the officers and directors of the Association in such amounts as it shall deem appropriate.

ARTICLE XVII 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 may be proposed by 1/3 or more of the Co-owners 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 these Bylaws.

Section 3. Voting. The Co-owners at any regular annual meeting or a special meeting called for such purpose, may amend these Bylaws by an affirmative vote of not less than 2/3 of all Co-owners. 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 2/3 of the first mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held.

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the right of a Co-owner or mortgagee.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Oakland County Register of Deeds.

Section 6. Binding. 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 Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVIII COMPLIANCE

The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the Project in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium 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 XIX DEFINITIONS

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

ARTICLE XX REMEDIES FOR DEFAULT

Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

Section 1. Legal Action Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

Section 2. Recovery of Costs In any proceeding arising because of an alleged default by any Co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees (not limited to statutory fees) as may be

determined by the court, but in no event shall any Co-owner be entitled to recover such attorney's fees

Section 3. Removal and Abatement The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements or into any Unit (but not into any dwelling or related garage), where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of Article XX hereof.

Section 5. Non-waiver of Right The failure of the Association or of any Co-owner to enforce any right, provision, covenant, or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-owner to enforce such right, provision, covenant, or condition in the future

Section 6. Cumulative Rights, Remedies and Privileges All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants, or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity

Section 7. Enforcement of Provisions of Condominium Documents A Co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act

ARTICLE XXI ASSESSMENT OF FINES

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

the actions of his or her family, guests, tenants or any other person admitted through such Co-owner to the Condominium Premises.

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

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

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

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

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

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

(a) **First Violation**. No fine shall be levied.

(b) **Second Violation**. Twenty Five Dollar (\$25.00)

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

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

The Board of Directors may change this schedule of fines by a resolution of the Board. Notwithstanding anything stated in these Bylaws to the contrary, a change in this schedule of fines may be made by Board resolution and will not require that an amendment to these Bylaws be adopted or recorded. Furthermore, should the Board of Directors adopt an appropriate resolution, this schedule of fines may escalate to keep pace with adjustments to the Consumer Price Index as announced by the Bureau of Labor Statistics which Index shall be the Index published to the metropolitan statistical area in which the Project is located.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable together with the regular Condominium assessment on the first of the next following month. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Documents including, without limitation, those described in Article II and this Article XX of these Bylaws.

ARTICLE XXII RIGHTS RESERVED TO DEVELOPER

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

ARTICLE XXIII 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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