

**STEEPLECHASE OF NORTHVILLE
OWNERS ASSOCIATION**

RULES & REGULATIONS

As Amended and Approved by the Board on Wednesday, March 30, 2011

The purpose of these Rules and Regulations as established by the Covenants Committee and approved by the Board of Directors, is to insure that the Property shall always be maintained in a manner:

1. Providing visual harmony and soundness of repair,
2. Avoiding activities deleterious to the aesthetic or property values of the Property and
3. Promoting the general welfare and safety of the Owners, such Owners' tenants and such Owners' (or Tenants') households, guests, employees, agent and invitees.

The following Rules & Regulations have been adopted by the Board of Directors under the authority granted by Article 8.3 (a) of the Declarations of Covenants and Restrictions. Mostly, they contain excerpts from the Declarations, with specific sections in Article VIII noted so that the complete controlling provision can be reviewed. Should there be any conflict between these Rules & Regulations and the Declaration, the language of the Declaration prevails.

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Whenever any reference is made to one gender, the same shall include a reference to either or both genders where appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where appropriate.

A. BUILDING AND GROUNDS RESTRICTIONS

1. No residence shall be used for other than residential purposes, and the Commons shall be used only for purposes consistent with such use.
2. No immoral, improper, unlawful or offensive activity shall be carried on in any residence or upon the Commons, nor shall anything be done which may be or become an annoyance or nuisance to any Owner, nor shall any unreasonably noisy activities be carried on in any residence area or Commons. No Owner shall do or permit anything to be done or keep or permit to be kept in his residence or Commons, anything that would increase the rate of insurance in the Neighborhood.
3. Each Owner shall maintain the site and residence owned and any Commons for which he has maintenance responsibility in a safe, clean, and sanitary condition including mowing grounds frequently enough to provide a neat appearance. Each Owner shall also use due care to avoid damaging any of the Commons, including, but not limited to, the communication, water, gas, plumbing, electrical or other utility conduits and systems. Each Owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Commons by the Owner or his family, guests, agents or invitees, unless such damages are covered by insurance carried by the Association, in which case responsibility shall be limited to the extent of the deductible amount. Any costs or damages to the Association may be assessed to and collected from the responsible Owner as an additional assessment.
4. No Owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his family of any firearms, air rifles, pellet guns, BB guns, bows and arrows, slingshots or other similar dangerous weapons, projectiles or devices anywhere within the Neighborhood.
5. Sidewalks, yards, landscaped areas, driveways, roads, parking areas, and porches shall not be obstructed in any way, nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, portable game equipment, athletic equipment, boats, chairs or benches may be left unattended on or about the common areas. Use of any of the Commons may be limited to such times and conditions as may be imposed by the Board of Directors, who shall determine such use by duly adopted regulations.
6. The Commons (including Limited Commons) shall not be used for storage of supplies, materials, personal property, or trash or refuse of any kind, except as provided in the Association's Rules and Regulations. Trash receptacles shall be maintained by each Owner within his residence or within the areas designated by the Board of Directors, and shall not be permitted to remain elsewhere on the Commons, except for such periods as may be reasonably necessary to permit periodic collection of trash. In general, no activity shall be carried on, and no condition maintained by an Owner either in his residence or upon the Commons, which spoils or adversely affects the appearance and enjoyment of the Neighborhood.

B. LEASING (Sec. 8.5)

1. An Owner may enter into a lease of his residence for the same purposes as set forth in Section A, provided that such lease is for the entire residence and for an initial term of not less than six (6) months. Owners desiring to lease shall supply the Association with a copy of the lease at least ten (10) days prior to executing the lease.

2. An Owner who leases his residence is responsible for providing the lessee with a copy of the Covenants/Restrictions (CCRs) and the Rules and Regulations documents. The lease form must include a provision (available from the Managing Agent) stating that the lessee has read the Association's documents and agrees to abide by them.
3. Compliance with Association Rules and Regulations by the tenant is ultimately the responsibility of the Owner. The Association has specific rights to enforce compliance (as documented in the Covenants/Restrictions – section 8.5a)

C. SIGNS and FLAGS (Sec. 8.2) (g)

Except for such signs, flags, and banners as may be posted by the Declarant or a Builder (as permitted by the Declarant) for promotional or marketing purposes or by the Association, no signs, flags or banners of any character shall be erected, posted or displayed unless with the prior written approval of the Covenants Committee. An American flag and the flag of any one of the United States may be flown in the size, manner and place permitted by the Covenants Committee. No free-standing flagpoles are permitted, except as may be installed by the Declarant or a Builder during the Development Period or the association. Free standing Real Estate (home) "for sale" signs, and home security signs are permitted. Political signage is to conform to local ordinances.

D. PETS (Sec. 8.2) (o)

The subject of keeping pets is a highly emotional issue. Residents owning pets should recognize that their pets can become a nuisance to their neighbors if not properly controlled. No animal, other than normal house pets, shall be kept within any residence or within the Neighborhood. No animal may be permitted to run loose at any time upon the Commons, and all animals shall be attended at all times by some responsible person while on the Commons. The following rules and regulations apply:

1. Pets are not allowed to run loose anywhere in the Neighborhood at any time.
2. Pets must be walked on a leash. All pets must be confined (e.g., functional invisible electronic fencing) to an owner's property or on leash when not on the owner's property.
3. The Resident is responsible for immediately cleaning up their pet's droppings while they are in the Neighborhood.
4. Owners shall take care and restraint as not to allow their pets to be obnoxious on account of noise, odor or unsanitary conditions.

E. VEHICLES, MOTORCYCLES, SNOWMOBILES, AND PARKING (Sec 8.2) (m) & (Sec 7.6) (a) & (b)

1. Residents are to park their cars and private use trucks and vans in their garage whenever possible. If space in the garage is not available, Residents are to park their automobiles in their own driveway only. Any damage to the Commons from Owner or guest vehicles shall be repaired at Owner expense.
2. All other parking in the Neighborhood is reserved for guests.
3. Residents and guests are not to park on streets unless absolutely necessary, and then only for short periods of time. Overnight parking on the streets is prohibited. In the event

of a large number of guests, it is understood that the streets may be used for overflow parking, but the Resident must provide instructions to park on one side of the street only and not directly opposite from any driveways where collisions could easily occur.

4. Trailers, boats, campers, snowmobiles, jet skis, two wheeled motorized vehicles or any vehicles other than automobiles or non-commercial trucks that are property of residents may only be parked or stored in the Owner's garage.
5. Residents with motorized homes or campers who are preparing for departure or returning from an extended trip, may park in the driveway, but for a period not longer than 24 hours.
6. Commercial vehicles and trucks may be parked in and about the Neighborhood only while making deliveries or pickups in the normal course of business.
7. Vehicles parked for purposes of selling are prohibited.
8. Motorcycles are allowed on the Neighborhood roads, but motorcycles, and all off-road motorized vehicles, including snowmobiles, are prohibited on all General Commons.

F. TRASH REMOVAL (sec. 8.2) (h)

1. Rubbish is usually collected on Monday. Residents are not to place trash for collection before 6:00 p.m. prior to collection day. Rubbish is to be placed on the Resident's property in close proximity of the street. Emptied trash containers need to be retrieved within 24 hours of trash collection.
2. In the event of a weekday holiday, collection will be made one day later than normal pick-up.
3. Trash should be packaged, tied securely, and conform to Township trash policies.

G. GARAGE DOORS

For both aesthetic and security reasons, garage doors are not permitted to be kept open if the Resident of the unit is not in attendance. If the Resident is actively engaged in gardening work, or other activity which requires frequent access to the garage, the garage door may be kept open during the period this work or activity is being performed. However, this exception must also be ruled by the concept of reasonableness; i.e., a garage door kept open all day, when the outdoor activity requiring frequent garage access is only occasionally or intermittently being performed, would not meet the test of reasonableness. Garage doors are also not to be kept in a partially raised position for the previously cited aesthetic and security reasons.

H. PATIO AND DECK FURNITURE AND EQUIPMENT

No unsightly conditions shall be maintained upon any patio or deck, and only furniture and equipment consistent with ordinary patio or deck use shall be permitted to be maintained there during seasons when reasonably in use.

Specifically, the following are permitted:

- Tables and chairs designed for patio or deck use
- Umbrellas designed for patio/deck use
- Barbecue grills
- Other items normally located on and designed for use on patios or decks, such as: planters, bird baths, garden benches, birdfeeders of a design that does not attract pigeons
- Gliders (similar to those for porches) or hammocks

The following are NOT allowed:

- Furniture not designed or intended for patio or deck use
- Recreational or exercise equipment such as slides, monkey bars, etc.
- Any equipment (other than umbrellas designed for patio/deck use) having a height greater than five feet as measured from the floor of the patio or deck. (Includes frames for seating of any kind.)

Furniture and equipment which may be left on patios or decks during all seasons include: barbecue grills, planters, bird baths, bird feeders, and garden benches (such as those constructed of cast iron).

I. INITIAL COMPLETION OF RESIDENCE GROUNDS

Within 90 days of closing, residence grounds shall be landscaped. Should closing occur after August 31 of any year, then landscaping must be completed by June 30 of the following year.

At a minimum, sod should be laid in the front and side yards. The rear yard may be seeded if desired, but in any case a lawn must be established. In the event that a full lawn is not realized within 30 days of installation of sod and any seeding, the Association reserves the right to require the replacement of sod or seeding or it will pursue other remedial efforts. Failure to comply with the Association's requirements may result in the Association installing landscaping which must be reimbursed by the Owner or a lien will be placed on the residence.

Lawn irrigation must be installed on all lots and shall be controlled via an automatic, electronic sprinkler system with a timer. The sprinkler system should be installed in zones to allow for efficient and effective use of water.

Water Wells for Irrigation of Landscaping – please see "Modifications of Owner's Property" section J.1.e., pg 7.

A minimum of 4 trees shall be planted. Trees must be minimum 3 inch diameter deciduous or minimum 8 foot evergreen; Ash trees are NOT allowed anywhere within the Neighborhood. Trees, shrubs and other plantings must have their trunk no closer to the property line than half the expected mature diameter/size of the plant (exceptions must be approved by the Covenants Committee). Any trees planted by the developer do not count against the minimum of 4 trees; trees planted on the boulevard also do not count toward the minimum.

A minimum of 3 varieties of woody shrubs for a total minimum of 30 shrubs shall be placed in the front and side yards. At planting, these must be a minimum size of 2 feet above ground height or 1 gallon in size.

All landscape plans shall be reviewed and approved by the Covenants Committee prior to landscape installation.

All landscaping shall be at homeowner's expense.

J. MODIFICATIONS OF OWNER'S PROPERTY AND/OR COMMON AREAS

These Rules and Regulations that have been adopted set standards, maintain the appearance and character of the Neighborhood, and enhance the value of the entire community property. In establishing the regulatory framework, the Covenants Committee tries to be as accommodating as possible to the creative desires of the Owners.

APPROVALS

All requests for additions or modifications to buildings and grounds must be submitted to the Covenants Committee either directly or through the Managing Agent. When appropriate, the Covenants Committee shall review requested projects with adjoining or opposite Owners should there be any question in their judgment regarding the infringement of view, access or when other neighborhood problems could be created.

CODES AND PERMITS

The Owner is responsible for obtaining the necessary building permits from the Township if planning on plumbing, heating, electrical, or building revisions. Before beginning any remodeling, it is advisable to check with the Covenants Committee, as approval may be needed before a permit is issued.

1. PROPERTY ADDITIONS

a) Basketball Hoops

No basketball hoops shall be affixed to the home or garage. All basketball hoops shall have a clear backboard and black post. In ground basketball hoops must be located at least 25 feet from the road and at least 5 feet from the side property line. Net and post must be maintained free of rips and rust.

b) Play Structures & Equipment

Equipment may not be placed closer than 8 feet from rear and side property lines. Equipment must be maintained to avoid discoloration and deterioration. When not in active use, portable play equipment must be stored out of view from neighboring property. (Reference section J.1.a)

Large, semi-permanent sports/play equipment (such as portable basketball hoops, large soccer nets, trampolines, etc.) must also be stored out of view when not in use. For the purpose of defining "not in use" for such items, the minimum expectations will be:

- "Disrepair" – equipment of this type shall be considered "not in use" anytime it is in a condition that would preclude its use (broken, blown-over, etc.).
- "Seasonality" – equipment of this type must be "stored out of view" from December 1 until March 1 whenever not in active use.

c) Television Antenna (Sec. 8.2) (k)

No outside television or other antenna, saucer, dish or receiving device shall be placed on any site, unless the device is a type of mini dish.

d) Dog Kennels (Sec. 8.2) (i)

Dog kennels or runs or other enclosed shelters are not permitted.

e) Water Wells:

NOTE – re. Wayne County: *Whoever digs the well must be a licensed well driller; homeowners submit their request to Wayne County for approval.*

Requirements for the Change Approval Request:

1/ an approved permit from the County (Northville Twp. does not require one);

2/ a detailed drawing of the location of the proposed well (to ensure that it is located on the side of or the back of the house) not in view from the street; also documenting that neighboring property, commons areas, and local ponds will not be negatively affected by the well;

3/ timing of the project;

4/ documentation of a rust-inhibitor system to be installed.

NOTE – re. Installation and Operation of the Water Well: *Homeowner will be held responsible to immediately fix any visible damage to the homeowner's, neighbor's or association property (including house, driveways, walkways etc.) due to installation or malfunction of the well and rust-inhibition system.*

5/ Landscaping to minimize the visual impact of the well and rust-inhibitor reservoir (if visible) is required. Landscaping must conform to Rules in this document. Plans should be included in the Well Approval Request.

ADDENDUM – "Community" multi-family Water Wells: *The homeowner on whose property the Water Well will be located bears sole responsibility for assuring compliance with the SNOA Rules and Regs regarding the Well, hook-ups, and any associated landscaping/structures.*

f) Outbuildings (Sec. 8.2) (i)

1. Well-related –

- Enclosure must be located behind the home of the end user (well screened from neighboring properties view).
- Enclosure must be constructed upon a permanent concrete slab or PVC slab that will not degrade over time and must serve only as a weather shield for the control panel (not to be used for tool storage).
- Enclosure must be constructed of durable materials (eg; 2x4 studs/wood or steel) finished off with the same material as found on the residence of where the enclosure is installed (specifically fiber-cement siding and/or brick, *no wood or vinyl siding will be allowed).

- Roofing shall be asphalt shingles, matching the residence of where the enclosure is installed.
- Enclosure's interior dimensions shall not exceed 6" inches wider or taller than the well-structure/Reservoir, and/or an exterior dimension of 48" in height, whichever is less.
- Enclosure must be secured to ensure no unauthorized access

2. Other structures –

- Other than well-related structures (see above), no temporary or permanent structures, accessory buildings, mobile home, trailer, tent, shack, tool shed, barn, tree house, or similar structure shall be placed on any site at any time.

g) Decks

Approval

Addition of decks must be approved by the Covenants Committee. Generally, a township permit must be obtained. This will require a site plan showing where the deck will set, structural layout of the deck, two elevations of the deck (front and side) and a list of material content.

Precautions

Before proceeding, either the Owner or contractor should take the necessary steps to prevent damage to the utility and cable television lines. This generally entails informing the utilities (Miss Dig) so that they can mark the line locations. Any damage that might be caused to the Neighborhood as a result of the installation must be promptly repaired at Owner expense.

Maintenance

All decks constructed of wood must be sealed frequently enough to avoid discoloration and deterioration.

h) Swimming Pools & Spas

No swimming pools shall be erected or maintained on or in any site without prior written approval of the Covenants Committee as to size, location, materials, type of construction, including design of fencing required by the Township. Above ground pools are not allowed.

No spa shall be erected or maintained on any site without the written consent of the Covenants Committee as to size, location, materials, etc. Permitted spas shall be located in the rear of the residence, be fully screened with evergreen landscaping and shall extend no more than 12 feet from the residence. Spas must include a cover that can be locked when the spa is not in use.

i) Fences (Sec. 8.2) (l)

No fence or wall of any kind shall be erected or maintained on any site without the express prior written consent of the Covenants Committee.

2. PLANTINGS

- a) Commons: Plantings may be installed by homeowners on the Commons only upon written permission of the Covenants Committee. All planting and edging installed by

- a homeowner on the Commons is to be maintained by the homeowner. The homeowner is responsible for the restoration of the Commons to the original condition should the plantings be removed.
- b) Commons: Edging for plantings may be used, but must be installed flush with the common ground surface plane (grass stops, rubber, plastic, wood, or concreted ties, tile, brick, slate). Permanent installations such as poured concrete or cemented brick are not to be utilized.
 - c) Any significant modifications after "initial completion" of homeowner's grounds, relative to the originally approved landscape plan, must be approved by the Covenants Committee. For example, significant changes may include but are not exclusive to: large trees, new planting areas (gardens, flower/shrub beds, etc.), anything in close proximity of a property line, etc. The minimum standards for the property called out in the "Initial Completion of Residence Grounds" section must be maintained at all times.

K. REPORTING VIOLATIONS - ENFORCEMENT PROCEDURES

When a Owner or Resident wishes to report a violation of the covenants or of these Rules, the violation should be noted in writing and delivered to the managing agent. The name of the person reporting the violation must be indicated.

The Board of Directors has adopted the following policy relative to notification of violations. Up to two Notices may be sent when a violation occurs. The first Notice will request compliance. If compliance is not obtained, then a second Notice will indicate that a hearing will be held to allow offending Owners the opportunity to present evidence in defense of the alleged violation before fines are assessed.

L. FINES - \$25.00 PER DAY

The amount of fines has been adopted by the Board of Directors. An initial Violation Notice is normally sent within 24 hours. A Second Notice indicating that a fine will be assessed and advising of an opportunity for an appeal hearing would follow within 10 days of the date of the Notice. Fines will be assessed each day the violation occurs after the Second Notice/Hearing. The Board reserves the right to increase fines for persistent violations of the same Rule or Regulation. Fines are in addition to any legal fees or other costs assessed related to the violation.

M. LATE CHARGES

All assessments which remain unpaid as of ten (10) days after the due date shall incur a uniform late charge of \$25.00 per month. Payments shall be applied as follows: first to cost of collection including attorney's fees; second to any interest charges and late fees; and third to the amount in default.

BYLAWS
FOR
STEEPLECHASE OF NORTHVILLE OWNERS ASSOCIATION

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BYLAWS
FOR
STEEPLECHASE OF NORTHVILLE OWNERS ASSOCIATION

ARTICLE 1

INTERPRETIVE PROVISIONS

Section 1.1 Defined Terms. Terms used herein without definition shall have the meanings specified for such terms in the Michigan Nonprofit Corporation Act, MCLA 450.2101 et seq ("Act"). Definitions, terms and other interpretive provisions set forth in ~~Article _____ of the Articles of Incorporation for Steeplechase of Northville Owners Association ("Articles of Incorporation") and in Section 1.1 of the Declaration for Steeplechase of Northville ("Declaration")~~ are equally applicable to these Bylaws.

Section 1.2 Use of Technology.

(a) Electronic Means. To the extent permitted by law, the Association and its Owners and occupants may perform any obligation or exercise any right by use of any technological means providing sufficient security, reliability, identification and verifiability. Acceptable technological means shall include without limitation electronic communication over the internet, the community or other network, whether by direct connection, intranet, telecopier or e-mail.

(b) Signature Requirements. Any requirement for a signature under the Association Documents may be satisfied by a digital signature meeting the requirements of applicable law.

(c) Electronic Funds Transfer. Payment of all sums to and from the Association and the Owners and occupants may be made by electronic transfer of funds creating a record evidencing the transaction for the period such record would be required to be available in non-electronic form.

(d) Voting Rights. Voting and approval of any matter under the Association Documents may be accomplished by electronic means provided that a record is created as evidence thereof and maintained as long as such record would be required to be maintained in non-electronic form.

(e) Non-technology Alternatives. If any Owner, occupant or third party does not have the capability or desire to conduct business using electronic or other technological means, the Association shall make reasonable accommodation, at its expense, for such person to conduct business with the Association without use of such electronic or other means until such means has become generally (if not universally) accepted in similar communities in the area.

ARTICLE 2

MEMBERSHIP; MEETINGS OF OWNERS

Section 2.1. Membership. Members of the Association shall at all times be, and be limited to, the Declarant (during the Development Period) and other Persons who constitute Owners of the Lots. If more than one Person owns a Lot, then all such Persons shall collectively constitute one Owner and be one member of the Association. Each member and the Persons constituting each Owner are entitled to attend all meetings of the Association. Membership in the Association is mandatory and automatic with ownership of a Lot.

Section 2.2. Annual Meetings. The first annual meeting of the Association shall be held, not later than the first anniversary of the incorporation of the Association which occurs after there is an Owner other than the Declarant or a Builder, at such place, date and time as may be fixed by a resolution of the Board of Directors. Subsequent annual meetings of the Association shall be held on weekdays (other than legal holidays recognized as such in Michigan) at least ten months but not more than fourteen months after the preceding annual meeting at such place, date and time as may be fixed from time to time by resolutions of the Board of Directors.

Section 2.3. Special Meetings. The Association shall hold a special meeting: (1) upon the call of the President; (2) if so directed by resolution of the Board of Directors; (3) upon a petition presented to the Secretary and signed by Owners entitled to cast at least ten percent of the total number of votes (excluding the Declarant's votes); or (4) upon request of the Declarant during the Development Period. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred-eighty days after the date of the first such signature. Such resolution, petition or request must: (1) specify the time and place at which the meeting is to be held; (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.3, or else specify that the Secretary shall designate the date of the meeting; (3) specify the purposes for which the meeting is to be held; and (4) be delivered to the Secretary. No business other than that stated in such resolution, request or petition shall be transacted at such special meeting.

Section 2.4. Notice of Meetings. Written notice stating the place, date and time of each annual or regularly scheduled meeting and, in the case of a special meeting, the purposes for which the meeting is called, shall be given by the Secretary (or as directed by the Secretary) to each Owner entitled to vote at such meeting not less than ten days nor more than sixty days before the date of any annual or regularly scheduled meeting, and at least ten days before any other meeting, except for meetings to vote on extraordinary actions, in which case notice shall be given as provided in Subsection (b). The giving of notice in the manner provided in this section, Articles 1 and 10 and the Act shall be considered service of notice.

Section 2.5. Waiver of Notice of Meetings

(a) Written Waiver. Whenever any notice is required to be given of any meeting of the Association, a waiver thereof in writing signed by an Owner entitled to such notice, whether given before or after the meeting, shall be equivalent to the giving of such notice to that Owner

and such waiver shall be delivered to the Secretary for inclusion in the minutes or filing with the Association records.

(b) Waiver by Attendance. An Owner who attends a meeting shall be conclusively presumed to have had timely and proper notice of the meeting or to have duly waived notice thereof, unless such Owner attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or, in the case of a special meeting, at or prior to consideration of the matter subject to objection.

Section 2.5. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if Owners entitled to cast at least fifty (50%) percent of the total number of votes are present, in person or by proxy, at the beginning of such meeting. Once an Owner is present at a meeting such Owner is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new Record Date is set for that adjourned meeting. When voting on any matter requiring a vote by a specified percentage of each class of Owners or of a specific class of Owners, a quorum of each class of Owners or the specific class of Owners must be present in person or by proxy.

If at any meeting of the Association a quorum is not present, a majority of the Owners who are present at such meeting in person or by proxy may: (1) recess the meeting to such place, date and time as such Owners may agree not more than forty-eight hours after the time the original meeting was called; or (2) adjourn the meeting to a time not less than forty-eight hours or more than thirty days after the time the original meeting was called at such date and place as such Owners may agree, whereupon the Secretary shall announce the place, date and time at the meeting and make other reasonable efforts to notify all Owners of such date, time and place at which the meeting will be resumed. At any such future resumption of the meeting, a quorum shall be deemed present if Owners entitled to cast at least fifty (50%) percent of the total number of votes are present in person or by proxy.

Section 2.6. Order of Business. Unless otherwise specified in the notice of the meeting, the order of business at all meetings of the Association shall be as follows: (1) roll call (proof of quorum); (2) proof of notice of meeting; (3) adoption of minutes of preceding meeting; (4) reports of officers; (5) report of Board of Directors; (6) reports of committees; (7) appointment of inspectors of election (when so required); (8) election of directors (when so required); (9) unfinished business; and (10) new business; provided, however, that balloting for election of directors may commence at any time at the direction of the presiding officer.

Section 2.7. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President may appoint a parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Association Documents.

Section 2.8. Record Date to Determine Owners; List of Owners. The date for determining which Persons are Owners and therefore entitled to vote ("Record Date") shall be the close of business on the tenth business day before the effective date of the notice to the Owners of the meeting, unless the Board of Directors shall determine otherwise. The Board shall not fix a Record Date more than sixty days or less than ten days before the date of the meeting or other action requiring a determination of the Owners, nor shall the Board set a Record Date retroactively. At least ten days before each meeting, the Secretary shall make a complete list of Owners, with the address of each, available for review by the Owners before and during the meeting. The list shall be current as of the Record Date.

Section 2.9. Action by Owners Without Meeting.

(a) Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting, without prior written notice and without a vote, if written consent, setting forth the action so taken and signed by all of the Owners entitled to vote with respect to the subject matter thereof, is delivered to the Secretary for inclusion in the minutes or filing with the Association records. Such consent shall have the same force and effect as a unanimous vote of the Owners.

(b) Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all members entitled to vote thereon were present and voted. Prompt notice of the taking of the action without a meeting by less than unanimous written consent shall be given to members who have not consented in writing.

ARTICLE 3

CLASS OF OWNERS: VOTING

Section 3.1. Voting Rights. The Association shall have two classes of Owners (members), Class A and Class B, with the voting rights as follows.

The Class A Owners shall be the Owners of Lots, other than the Declarant or a Builder during the Declarant Control Period. Each Class A Owner shall have one vote for each Lot owned by such Owner.

The Class B Owner shall be the Declarant. The Declarant shall have 1,100 votes less the number of votes held by all other classes of Owners when a vote is taken. If the Declaration is amended from time to time to include additional real estate that was not originally described on Exhibits A and B to the Declaration when the Declaration was recorded or if the Development Plan is amended to increase the maximum number of dwellings permitted on the Submitted Land or the Additional Land, then the number of votes of the Class B Owner described above shall be increased by one and one-half times the number of votes that would be

appurtenant to any additional Lots that could be created on such real estate if such real estate were fully developed under the applicable zoning and submitted to the Declaration.

After the Declarant Control Period expires, the Declarant shall have one vote as a Class B Owner and the Declarant shall also become a Class A Owner and have Class A votes with respect to the Lots owned by the Declarant. The Class B membership shall expire at the end of the Development Period. Any Person qualifying as a member of more than one voting class may exercise those votes to which such Person is entitled for each such class; provided, however, that such Person shall not simultaneously have more than one class of vote for the same Lot.

Section 3.2. Additional Provisions Governing Voting.

(a) Association Votes. If the Association is an Owner, the Association shall cast its votes with the majority with respect to any Lot it owns, and in any event such votes shall be counted for the purpose of establishing a quorum.

(b) Multiple-Person Owners. Since an Owner may be more than one Person, if only one of such Persons is present at a meeting of the Association or signs a consent, approval or proxy, that Person shall be entitled to cast the Owner's votes or give the consent, approval or proxy. If more than one of such Persons is present or otherwise gives a consent, approval or proxy, the vote, consent or approval appertaining to that Owner shall be cast only in accordance with unanimous agreement of such Persons, and such agreement shall be conclusively presumed if any of them purports to cast the vote appertaining to that Owner or to give a consent, approval or proxy without protest being made forthwith by any of the other Persons constituting such Owner to the person presiding over the meeting or objection to such consent, approval or proxy being made to the Association prior to the taking of the action in question.

(c) Voting Certificate. If an Owner is not a natural person, the vote by such Owner may be cast by any natural person authorized by such Owner. Such natural person must be named in a certificate signed by an authorized officer, partner or trustee of such Owner and filed with the Secretary; provided, however, that any vote cast by a natural person on behalf of such Owner shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote was cast or within ten days after such meeting by the Owner entitled to cast such vote. Such certificate shall be valid until revoked by a subsequent certificate similarly signed and filed. Wherever the approval or disapproval of an Owner is required by the Association Documents, such approval or disapproval may be made by any Person who would be entitled to cast the vote of such Owner at any meeting of the Association.

(d) Delinquency. No Owner may vote at any meeting of the Association or be elected to serve on the Board of Directors if payment by such Owner of any financial obligation to the Association is delinquent more than sixty days and the amount necessary to bring the account current has not been paid at the time of such meeting or election.

Section 3.3. Manner of Voting. Voting by Owners at a meeting shall be by voice vote (except for the election of directors which shall be by written ballot) unless the presiding officer determines otherwise or any Owner present at the meeting, in person or by proxy, requests, and

by a Majority Vote the Owners consent to, a vote by written ballot indicating the name of the Owner voting, the number of votes appertaining to such Owner, and the name of the proxy of such ballot if cast by a proxy. There shall be no cumulative voting.

Section 3.4. Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy holder how to vote) or uninstructed (leaving how to vote to the proxy holder's discretion). If uninstructed, the proxy form or instructions shall contain a brief explanation of the effect of leaving the proxy uninstructed. Only instructed proxies may be granted by any Owner to the managing agent. No Person other than the Declarant, a Mortgagee (with respect to the Lots on which the Mortgagee holds a Mortgage), the managing agent or an Officer may cast votes as a proxy for more than five Lots not owned by such Person. Proxies shall be: (i) in writing, (ii) dated, (iii) signed by the Owner or a Person authorized by the Owner, (iv) valid for eleven months unless a longer time period is provided in the proxy and (v) filed with the Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from the Owner. A sample proxy is attached as Exhibit A.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1. Powers and Duties of the Board of Directors. The business and affairs of the Association shall be managed by the Board of Directors elected in accordance with the procedures and for the terms of office set forth in Section 4.5 and 4.6 of these Bylaws. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Act or the Association Documents to be exercised and done by the Owners. The Board of Directors shall delegate to one of the directors or to a Person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Article 5), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by any other provision of the Association Documents or by any resolution of the Association that may hereafter be adopted, the Board shall perform the following duties and take the following actions on behalf of the Association:

(1) Provide goods and services in accordance with the Association Documents, and provide for the Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots.

(2) Designate, hire, dismiss and, where appropriate, compensate the personnel necessary to provide for the Upkeep of the Common Area and the general administration of the Association and, to the extent provided in the Association Documents, of the Lots, and to provide goods and services, as well as purchase equipment, supplies and materials to be used by such personnel in the performance of their duties.

(3) Collect the Assessments, deposit the proceeds thereof in depositories designated by the Board of Directors and use the proceeds to carry out the Upkeep of the

Property and other real estate and facilities (to the extent the Association is so authorized by the Association Documents) and the general administration of the Association.

(4) Adopt and amend any reasonable Rules and Regulations not inconsistent with the Association Documents.

(5) Open bank accounts on behalf of the Association and designate the signatories thereon.

(6) Enforce the provisions of the Association Documents.

(7) Act with respect to all matters arising out of any eminent domain proceeding affecting the Common Area.

(8) Notify the Owners of any litigation against the Association involving a claim in excess of ten percent of the total Annual Assessment.

(9) Obtain and carry insurance against casualties and liabilities, as provided in Article 10 of the Declaration, pay the premiums therefor and adjust and settle any claims thereunder.

(10) Pay the cost of all authorized goods and services rendered to the Association.

(11) Provide a Statement of Common Expense Statement with respect to a Lot within fourteen days (or as otherwise required by law) after a written request and payment of the appropriate fee in accordance with Section 6.6 of the Declaration.

(12) Prepare an annual budget in accordance with Article 6 of the Declaration.

(13) Adopt an annual budget and make Assessments to defray the Common Expenses of the Association, establish the means and methods of collecting such Assessments and establish the period of the installment payment, if any, of the Annual Assessment in accordance with Article 6 of the Declaration.

(14) Borrow money on behalf of the Association, when required for any valid purpose; provided, however, that either a Majority Vote of the Owners obtained at a meeting held for such purpose or written approval by Owners entitled to cast more than fifty percent of the total number of votes shall be required to borrow any sum in excess of thirty percent of the total Annual Assessment for that fiscal year or, subject to Section 15.4 of the Declaration, mortgage any of the Common Area. The Board of Directors, by a vote of two-thirds of the total number of directors, shall have the right and power to assign and pledge all revenues to be received by the Association, including but not limited to Annual and Additional Assessments in order to secure the repayment of any sums borrowed by the Association from time to time.

(15) Sign deeds, leases, plats of resubdivision and applications for construction permits or similar documents for the Common Area, as may be necessary or desirable in the normal course of the orderly development of the Property, at the request of the Declarant or on its own determination.

(16) Dedicate, lease or transfer any portion of the Common Area or grant or terminate easements, rights-of-way or licenses over and through all the Common Area pursuant to Section 3.2 of the Declaration and subject to the restrictions set forth in Section 15.4 of the Declaration.

(17) In accordance with Section 12.1 of the Declaration, suspend the right of any Owner or other occupant of a Lot, and the right of such Person's household, guests, employees, tenants, agents and invitees to use the Common Area.

(18) Acquire, hold and dispose of Lots to enforce the collection of Assessments and mortgage the same without the prior approval of the Owners.

(19) Charge reasonable fees for the use of the Common Area, where appropriate, and for services.

(20) Do anything else not inconsistent with the Act or the Association Documents.

Section 4.2. Meetings of Directors.

(a) Types of Meetings. The first (organizational) meeting of the Board of Directors following an annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors in order to elect Officers, appoint committee members and establish the manner of operation of the Board for the ensuing year. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors; provided, however, that after the Declarant Control Period, such meetings shall be held at least quarterly during each fiscal year. Special meetings of the Board of Directors may be called by the President and shall be called by the President or Secretary upon written request of at least three directors. Any final action taken by the Board of Directors in executive session shall be recorded in the minutes. The Board of Directors may hold their meetings in the State of Michigan or anywhere the Board may from time to time determine.

(b) Notice. Notice of meetings of the Board of Directors shall be given to each director personally or by mail, telegraph, telecopy, telephone or electronic transmission, orally or in writing, at least three business days prior to the date named for such meeting. Such notice shall state the place, date and time and, in the case of special meetings, the purpose thereof. No notice of the organizational meeting of the Board of Directors shall be necessary if such meeting is held immediately following the annual meeting.

by a vote of the majority of remaining directors, even though they may constitute less than a quorum. Each person so elected shall be a director until a successor is elected at the next annual meeting of the Association.

Section 4.7. Deference. When considering any matter concerning primarily one class of Owners, the Board of Directors shall defer to the directors representing such class of Owners.

ARTICLE 5

MANAGING AGENT

Section 5.1. Compensation. The Board of Directors may employ for the purpose of administering the Property a "managing agent" at a compensation to be established by the Board.

Section 5.2. Requirements. The managing agent shall be a bona fide business enterprise or independent contractor which manages common interest communities. The managing agent or its principals shall have a minimum of two years' experience in community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Property. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Property and shall employ personnel knowledgeable in the areas of insurance, accounting, contract negotiation, labor relations and property management.

Section 5.3. Duties. The managing agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in paragraphs (1), (2), (3), (6), (7), (8), (9), (10), (11), (12), (13) of Section 4.1. The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in paragraphs (4), (5), (14), (15), (16), (17), (18), (19) and (20) of Section 4.1. The managing agent shall perform the obligations, duties and services relating to the management of the Property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of the Act and the Association Documents.

Section 5.4. Standards. The Board of Directors shall impose appropriate standards of performance upon the managing agent. Unless the managing agent is instructed otherwise by the Board of Directors:

- (1) the accrual or modified accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to one or more but less than all Owners shall be accounted for and reported separately;
- (2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (3) cash accounts of the Association shall not be commingled with any other entity's accounts;

(4) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(6) a financial report shall be prepared for the Association at least quarterly, containing: (i) an "income statement" reflecting all income and expense activity for the preceding period on an accrual basis; (ii) an "account activity statement" reflecting all receipt and disbursement activity for the preceding period on a cash basis; (iii) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format; (iv) a "balance sheet" reflecting the financial condition of the Association on an unaudited basis; (v) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and (vi) a "delinquency report" listing all Owners who are delinquent in paying Assessments and describing the status of any actions to collect such Assessments.

Section 5.5. Limitations. The Board of Directors may employ a managing agent for an initial term not to exceed two years; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year terms. Any contract with the managing agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety days written notice and with cause on no more than thirty days written notice.

ARTICLE 6

OFFICERS

Section 6.1. Designation and Duties of Officers. The principal officers of the Association shall be the President (who shall also serve as Chairman of the Board of Directors), the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President shall be directors and, except for those directors designated or elected by the Declarant, Owners. Any other Officers may, but need not, be Owners or directors. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Act or the Association Documents, and shall perform such other duties as may be assigned to such Officer by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the President (or the Board of Directors if the President fails to do so) may appoint another qualified person to act in such Officer's stead on an interim basis.

Section 6.2. Election of Officers. 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. Any Officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by three different individuals. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 6.3. Resignation or Removal of Officers. Any Officer may resign by delivering written notice to the Board of Directors. Unless otherwise specified in the notice, such resignation shall take effect upon the receipt thereof, and acceptance by the Board of Directors of such resignation shall not be necessary to make it effective. Upon the affirmative vote of a majority of the total number of directors, any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 6.4. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The person appointed to fill a vacancy shall serve for the remainder of the term of the Officer such person replaces.

Section 6.5. President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board; see to the execution of the resolutions of the Association and the Board of Directors; see that all orders and resolutions of the Board are carried into effect; and, in general, perform all the duties incident to the Office of President.

Section 6.6. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President is 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 director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 6.7. Secretary. The Secretary shall: keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board may direct and as may be required by the Act; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices hereunder shall be delivered; and, in general, perform all the duties incident to the Office of Secretary.

Section 6.8. Treasurer. The Treasurer shall: be responsible for Association funds and securities; keep or cause to be kept full and accurate financial records and books of account showing all receipts and disbursements; prepare or cause to be prepared all required financial data, including the Statement of Common Expenses required by Section 6.6 of the Declaration; deposit all monies and other valuable effects in the name of the Board of Directors or the

Association in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the Office of Treasurer.

Section 6.9. Managing Agent. The managing agent shall assist the Secretary and Treasurer in the performance of their duties.

ARTICLE 7

COMMITTEES

Section 7.1. Required Committees:

(a) Covenants Committee. The Board of Directors shall establish a Covenants Committee as set forth in Article 9 of the Declaration.

(b) Elections Committee. The Board of Directors shall establish an Elections Committee as required in Subsection 5.3(c) of the Articles of Incorporation.

Section 7.2. Other Committees. The Board of Directors may create and abolish from time to time such other committees consisting of two or more persons as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board from time to time.

Section 7.3. Appointment and Removal. The Board shall appoint the chair of each committee, and may either appoint the other committee members or leave such appointment to the committee chair. The Board of Directors may immediately remove a committee member with or without cause; provided, however, that the Board of Directors may not appoint or remove any member of the Initial Construction Committee, such right being reserved to the Declarant.

Section 7.4. Committee Meetings. The procedures for committee meetings shall be the same as set forth for meetings of the Board of Directors in Section 4.2, and the chair shall serve as the presiding officer of the committee.

Section 7.5. Action by Committee Without a Meeting. Any action required or permitted to be taken at a committee meeting may be taken without a meeting if consent in writing, setting forth the action taken, shall be signed either before or after such action by all of the committee members. Any such written consent shall have the same force and effect as a unanimous vote and shall be filed with the minutes of the committee.

ARTICLE 8

FIDUCIARY DUTIES

Section 8.1. Signature Requirements. Unless otherwise provided in the resolution of the Board of Directors: (1) all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of thirty percent of the total annual

assessment for that fiscal year and all checks drawn upon reserve accounts shall be signed by any two persons designated by the Board of Directors; and (2) all such instruments for expenditures or obligations of thirty percent or less of the total annual assessment for that fiscal year, except from reserve accounts, may be signed by any one person designated by the Board of Directors. Notwithstanding the foregoing, instruments creating or paying obligations for less than Five Thousand Dollars, except for withdrawals from the reserve funds, may be signed by only one person. The managing agent, if so designated by the Board of Directors, or any Officer of the Association may sign a Statement of Common Expenses on behalf of the Association.

Section 8.2. Conflicts of Interest

(a) Rule and Exceptions. Each director or Officer shall exercise such director's or Officer's powers and duties in good faith and in the best interests of the Association with that degree of diligence, care and skill which an ordinarily prudent person would exercise under similar circumstances in a like position. No contract or other transaction between the Association and any of its directors or Officers, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors or Officers of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because of such relationship or because any such director or Officer is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction or because such director's or Officer's vote is counted for such purpose if any of the following conditions exist: (1) the material facts of the transaction and the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a majority of directors entitled to vote on the transaction, but in no event may such a transaction be authorized, approved or ratified by a single director; (2) the material facts of the transaction and the common directorate or interest is disclosed or known to all of the Owners entitled to vote on the matter, and the Owners who are entitled to be counted in a vote on the transaction approve or ratify the contract or transaction by a majority of the total number of votes entitled to be cast; or (3) the contract or transaction is commercially reasonable to the Association in view of all the facts known to any director or Officer at the time such contract or transaction is authorized, ratified, approved or signed. No director or officer having disclosed or made known a conflict of interest shall be liable to the Association or any Owner or creditor thereof or any other Person for any loss incurred by the Association under or by reason of any contract or transaction, nor shall any such director or Owner be accountable for any gains or profits realized therefrom.

(b) Vote Not Counted. Each director or Officer shall exercise such director's or Officer's powers and duties in good faith and in the best interests of the Association. Any common or interested director or Officer may be counted in determining the presence of a quorum of any meeting of the Board of Directors, a committee or the Owners which authorizes, approves or ratifies any contract or transaction. The voidability of a transaction involving a director or Officer with a conflict of interest shall be determined in accordance with Section 546 of the Act.

Section 8.3. Liability and Indemnification.

(a) No Personal Liability. The directors, Officers and committee members shall not be liable to the Association or any Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. Directors and Officers shall have no personal liability with respect to any contract made by them on behalf of the Association. No Owner shall be liable for the contract or tort liability of the Association by reason of ownership or membership therein. Every agreement made by the Board of Directors, the Officers or the managing agent on behalf of the Association shall, if obtainable, provide that the directors, the Officers or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder.

(b) Indemnification. The Association shall indemnify the directors, Officers and committee members to the extent that it is contemplated a nonstock corporation may indemnify its directors, officers and employees pursuant to Sections 561 through 569 of the Act; provided, however, that before the Association uses association funds for indemnification, all insurance proceeds must be obtained and applied toward such indemnification. The foregoing right of indemnification shall not be exclusive of any other rights to which a person may be entitled by law, agreement, vote of the Owners or otherwise.

(c) Directors and Officers Liability Insurance. The Association shall have the power, pursuant to Article 10 of the Declaration, to purchase and maintain insurance on behalf of any person who is or was a director, Officer or committee member against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this section. Further, the availability of the Association's indemnity shall not relieve any insurer of any liability under an insurance policy held by the Association.

Section 8.4. Compensation of Directors and Officers. The Association may pay a recording secretary. Otherwise, no salary or other compensation shall be paid by the Association to any director or Officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by such director or Officer of other services to the Association nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or Officer.

ARTICLE 9

BOOKS AND RECORDS

Section 9.1. Maintenance. The Association shall keep books and records as required by the Act and as otherwise required by law. The Association shall keep records of: (i) its governing documents (i.e., Association Documents, Rules and Regulations and Design Guidelines); (ii) its actions (Board resolutions, meeting minutes, etc.); and (iii) its financial condition (receipts and expenditures affecting the finances, operation and administration of the

Association, budget, financial statements, etc.). All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once a year by an auditor retained by the Board of Directors who shall not be an Owner or an occupant of a Lot. The cost of such audit shall be a Common Expense. The audit shall be available within one-hundred twenty days after the end of the fiscal year.

Section 9.2. Availability. The books and records of the Association shall be available for examination by the Owners, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner established by the Board of Directors for the general knowledge of the Owners in accordance with and subject to the limitations permitted by the Act or as otherwise required by law; provided, however, that the Association is not required to maintain or make available records over three years old unless otherwise required by law. The list of Owners required by Section 2.8 shall be available for inspection for a period of ten days prior to the meeting and at the meeting. The Board of Directors may fix from time to time a reasonable charge to cover the direct and indirect costs of providing any documents.

Section 9.3. Accounting Report. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall make available to all Owners and to each Mortgagee requesting the same, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year and showing the net amount over or short of the actual expenditures plus reserves, and such other information, if any, required by Section 901 of the Act.

Section 9.4. Fiscal Year. The first fiscal year of the Association shall begin on the date of the conveyance of the first Lot to an Owner other than the Declarant and end on the last day of December, unless otherwise determined by the Board of Directors. Each subsequent fiscal year shall commence on January 1 and end on December 31, unless otherwise determined by the Board of Directors.

Section 9.5. Association Filings. The Association shall also file and maintain the annual reports required to be filed with the State of Michigan by Section 911 of the Act.

ARTICLE 10

NOTICES

Except as specifically provided otherwise in the Act or the Association Documents, all notices, demands, bills, statements or other communications under the Association Documents shall be in writing and shall be deemed to have been duly given if hand delivered personally to the Owner provided the Secretary certifies in writing that notice was delivered to the Owner or the Owner's address of record or delivered by telegraph, teletype or other form of wire, wireless or electronic communication or by private carrier or sent United States mail, postage prepaid pursuant to Section 404 of the Act, or if notification is of a default, hearing or lien, sent by

registered or certified United States mail, return receipt requested, postage prepaid: (1) if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated for an Owner, at the address of a Lot owned by such Owner; (2) if to the Association, the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Owners pursuant to this section; or (3) if to a Mortgagee, at the address indicated by the Mortgagee in a written notice to the Association. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the address shown in the Association records. Notice of meetings may be included as part of the Association's newsletter, if the newsletter is delivered to every Lot and sent to non-resident Owners, or published in a newspaper or other periodical as permitted by Section 404 of the Act. If a Lot is owned by more than one Person, notice to one of the Persons comprising the Owner is sufficient notice to the Owner.

ARTICLE 11

AMENDMENTS

These Bylaws may only be amended by a Majority Vote of the Owners if a copy of the proposed amendment or a summary thereof has been inserted in the notice of meeting or all of the Owners are present in person or by proxy. No amendment to these Bylaws may diminish or impair the rights of the Declarant under the Bylaws without the prior written consent of the Declarant. No amendment to these Bylaws may diminish or impair the rights of the Mortgagees under the Bylaws.

WE, THE INITIAL DIRECTORS OF THE ASSOCIATION, HAVE ADOPTED THESE BYLAWS ON _____, 2003, AS EVIDENCED BY OUR SIGNATURES BELOW.

_____, 2003
Date

Director
Printed Name: _____

_____, 2003
Date

Director
Printed Name: _____

_____, 2003
Date

Director
Printed Name: _____

CERTIFICATION

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting secretary of STEEPLECHASE OF NORTHVILLE OWNERS ASSOCIATION, a Michigan corporation; and

2. The foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by the Board of Directors pursuant to the Organizational Minutes dated _____, 2003.

IN WITNESS WHEREOF, I have hereunto subscribed my name on _____, 2003.

SECRETARY

Exhibit A
to the Bylaws

STEEPLECHASE OF NORTHVILLE OWNERS ASSOCIATION

INSTRUCTIONS FOR PROXIES

1. USE THE PROXY ONLY IF YOU DO NOT WISH TO VOTE IN PERSON.
2. A PROXY SHOULD BE SIGNED BY ALL OWNERS OF RECORD OF THE LOT OR LOTS, BUT SIGNATURE BY ONE OWNER IS SUFFICIENT.
3. THE PROXY MAY BE REVOKED ONLY BY ACTUAL NOTICE TO THE PRESIDENT OF THE ASSOCIATION (OR OTHER PERSON PRESIDING OVER THE MEETING IF NOT THE PRESIDENT).
4. Print your name, address and Lot number(s).
5. Print the name of the person you wish to designate as your proxy.
6. If you wish to have someone else vote on your behalf (Uninstructed Proxy): Check appropriate box. If you are granting an uninstructed proxy, the proxy holder may decide how to cast your vote on any issues raised at the meeting.
7. If you wish to indicate your vote (Instructed Proxy): Check the appropriate box and fill in the names of the candidates for the Board of Directors for whom you wish to vote or your vote for or against each question to be decided.
8. Give the proxy form to the person you have designated as your proxy.
9. File a copy of the proxy with the Secretary at the meeting. If possible, please mail or deliver a copy of the proxy in advance to Steeplechase of Northville Owners Association, c/o _____, Secretary,

Exhibit B
to Bylaws

STEEPLECHASE OF NORTHVILLE OWNERS ASSOCIATION

PROXY FORM

Address _____
Lot No(s). _____ under the provisions of Section 3.4 of the Bylaws, the undersigned hereby grant a proxy to _____* for the sole purpose of casting votes at the meeting on _____, 20__ or any subsequent meeting called due to a failure to obtain a quorum at the first attempt to hold the meeting.

*IF NO OTHER NAME IS FILLED IN, THE PROXY SHALL BE AUTOMATICALLY GRANTED TO THE THEN PRESIDENT OF THE ASSOCIATION.

Check the appropriate box:

- The person named in this proxy may cast the votes appurtenant to the Lot(s) referenced above for any _____ candidates for the Board of Directors he or she chooses.
- The person named in this proxy must cast the votes appurtenant to the Lot(s) referenced above for the following candidates for the Board of Directors:

The person named in this proxy must cast my votes *[check one box]*:

- For Against As he/she sees fit

question to be decided

The person named in this proxy may/ may not cast he votes appurtenant to the Lots(s) referenced above on any other matter that may arise at the meeting as he or she sees fit.

Owner's Signature	Owner's Signature
-------------------	-------------------

Date:	Date:
-------	-------

NOTE: A COPY OF THE PROXY MUST BE FILED WITH THE SECRETARY AT THE MEETING.

COVENANTS AND RESTRICTIONS

**DECLARATION
FOR
STEEPLECHASE OF NORTHVILLE**

JUL 02 2003

\$6.00 REMONUMENTATION
Receipt #202157

RECORDED
BERNARD J. YOUNGBLOOD, REGISTER OF DEED
WAYNE COUNTY, MI

Li-38345 Pa-1
203354201 7/02/2003
Bernard J. Youngblood
Wayne Co. Register of Deeds

203354201

COVENANTS AND RESTRICTIONS

DECLARATION FOR STEEPLECHASE OF NORTHVILLE

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SUBMITTED LAND
ADDITIONAL LAND

EXHIBIT A
EXHIBIT B

DECLARATION
FOR
STEEPLECHASE OF NORTHVILLE

THIS DECLARATION is made as of JUNE 26, 2003, by TOLL MI III LIMITED PARTNERSHIP, a Michigan limited partnership ("Declarant").

RECITALS:

R-1 The Declarant owns in fee simple the real estate designated as Submitted Land in the legal description attached as Exhibit A (and incorporated by this reference) and the Declarant desires to subject that real estate to covenants, restrictions, reservations, liens and charges, all of which are more particularly hereinafter set forth in this Declaration.

R-2 The Declarant also wishes to reserve the right to add the real estate designated as Additional Land in the legal description attached as Exhibit B (and incorporated by this reference), as both of the same may be amended by the Declarant from time to time, and may hereafter decide to subject all or any portion of that Additional Land, to the provisions of this Declaration, as amended from time to time.

R-3 The Declarant deems it desirable and in the best interests of all the owners of real estate subject to this Declaration to protect the value and the desirability of such real estate by providing for the development of such real estate in accordance with a common plan and the Upkeep of certain shared facilities.

R-4 To provide a means for meeting the purposes and intents set forth herein, the Declarant has caused Steeplechase of Northville Owners Association to be incorporated under the laws of Michigan.

DECLARATION:

The Declarant hereby covenants and declares, on behalf of itself and its successors and assigns, that from the date this Declaration is recorded, the real estate designated as Submitted Land in Exhibit A shall be held, conveyed, acquired and encumbered subject to the terms and provisions hereof, all of which shall run with the land and bind and inure to the benefit of all Persons who may now or hereafter own or acquire any right, title, estate or interest in or to any of such real estate, or who may now or hereafter occupy or enter upon any portion thereof, subject to the right of the Declarant or the Association to amend this Declaration in accordance with the provisions for amendment set forth herein.

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. Definitions. Terms used herein without definitions shall have the meanings specified for such terms in Sections 105 to 110 of the Act. Capitalized terms used herein shall have the meanings specified for such terms below.

(1) "Act" means the Michigan Nonprofit Corporation Act, MCLA 450.2101, et seq., as the same may be amended, supplemented or replaced from time to time.

(2) "Additional Land" means the real estate so designated in Exhibit B, as amended from time to time, which the Declarant has reserved the right to submit to the Declaration and to the jurisdiction of the Association pursuant to Section 4.1.

(3) "Articles of Incorporation" means the Articles of Incorporation for Steeplechase of Northville Owners Association filed with the Michigan Department of Consumer and Industry Services, Corporation Division, as amended from time to time.

(4) "Assessments" means the sums levied against the Lots to pay Common Expenses and other expenditures by the Association, as provided in Article 6. Assessments include "Annual Assessments," "Additional Assessments" and "Individual Assessments."

(5) "Association" means Steeplechase of Northville Owners Association and, with respect to the rights and obligations of the Association set forth in this Declaration, its successors and assigns.

(6) "Association Documents" means collectively the Articles of Incorporation, this Declaration, Supplementary Declarations and the Bylaws, all as amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document is an integral part of that document.

(7) "Board of Directors" or "Board" means the executive and administrative entity established pursuant to Article 4 of the Bylaws as the governing body of the Association.

(8) "Builder" means a Person (other than the Declarant) who in the regular course of business purchases real estate or a portion of the Submitted Land solely for the purpose of constructing improvements for resale.

(9) "Bylaws" means the Bylaws of the Association, as amended from time to time.

(10) "Common Area" means, at any given time, all of the Property, other than Lots and Public Streets and Roadways, then owned by the Association for the benefit, use and enjoyment of the Owners and includes the Recreational Facilities and private parks; provided, however, that real estate within the Property is not Common Area solely because it is burdened by an easement for utilities, landscaping, storm water management or signage or dedicated as a public street or roadway even though the Association may provide Upkeep for such area.

(11) "Common Expenses" means all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation and maintenance of reserves pursuant to the provisions of the Association Documents.

(12) "County" means Wayne County, Michigan. All references to approval by the County mean approval by the appropriate agency or official of the County, as determined by the Office of the County Attorney at that time.

(13) "Covenants Committee" means the committee that may be established pursuant to Article 9 to assure that the Property will be maintained in a manner consistent with the purposes and intents of this Declaration. With respect to initial construction, all references to the Covenants Committee shall mean the Initial Construction Committee.

(14) "Declarant" means Toll MI III Limited Partnership, a Michigan limited partnership. Following recordation of a document assigning to another Person all or some of the rights

reserved to the Declarant under the Association Documents pursuant to Section 5.2, the term "Declarant" shall mean or include that assignee.

(15) "Declarant Control Period" means the period beginning on the date of incorporation of the Association and ending on the earliest of: (1) the later of (i) the tenth anniversary of the date of recordation of the Declaration or (ii) the tenth anniversary of the date of recordation of the most recent Supplementary Declaration adding Additional Land (provided, however, that once the Declarant Control Period has expired, the recordation of a subsequent Supplementary Declaration shall not reinstate the Declarant Control Period; and provided, further, that if the Declarant is delayed in the improvement and development of the Property due to a sewer, water or building permit moratorium or other cause or event beyond the Declarant's control, then the aforesaid period shall be extended for the period of the delay or three years, whichever is less); (2) the date the number of votes of the Class A Owners equals the number of votes of the Class B Owner; or (3) the date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate on that date.

(16) "Declaration" means this Declaration for Steeplechase of Northville made and recorded among the Land Records, as amended from time to time and, except when the context clearly requires otherwise, including all Supplementary Declarations.

(17) "Department of Environmental Quality" means the department of environmental quality for the State of Michigan.

(18) "Design Guidelines" means the standards and guidelines adopted by the Board of Directors pursuant to Article 9 and any standards and guidelines established by the Declarant.

(19) "Development Period" means the period of time that the Declarant or any Builder is engaged in development or sales, or activities relating thereto, anywhere on the Property or the Additional Land and the Declarant is entitled to exercise certain special declarant rights (as described in Article 5) under the Association Documents. When all the Submitted Land is owned by Owners other than the Declarant (or a lender holding special declarant rights) or a Builder, all the Additional Land is owned by Owners other than the Declarant and all bonds held by a governmental agency with respect to the Property and the Additional Land have been released, then the Development Period shall end.

(20) "Land" means, at any given time, the real estate then subject to the Declaration (including Lots and Common Area), but does not include improvements or appurtenances thereto.

(21) "Land Records" means the land records of Wayne County, Michigan.

(22) "Lot" means a portion of the Property designated as a separate parcel of Submitted Land held in separate ownership, occupied by or intended for occupancy by one dwelling and has frontage upon a Public Street or Roadway (but not including any Common Area or real estate dedicated for public purposes) and includes any improvements now or hereafter appurtenant thereto. A Lot may not coincide with a Lot of Record.

(23) "Lot of Record" means a portion of the Submitted Land numbered and described as a lot on the plat of record.

(24) "Majority Vote" means a simple majority (more than fifty percent) of the votes entitled to be cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage vote means that percentage with respect to the total number of votes actually cast by Owners entitled to vote on an issue in person or by proxy at a duly held meeting at which a quorum is

present. Any vote by a specified class of Owners means a Majority Vote of the Owners in such class present in person or by proxy at a duly held meeting at which a quorum of that class of Owners is present. Any vote by a specified percentage of the Board of Directors (or committee) means that percentage with respect to votes entitled to be cast at a duly held meeting of the Board (or committee) at which a quorum is present. Any vote of or approval (whether actual or presumed) by a specified percentage of the Mortgagees is calculated based on one vote per Lot.

(25) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding a first mortgage or first deed of trust ("Mortgage") encumbering a Lot. Where the approval of Mortgagees is required, such approval means: (i) written approval; (ii) any written waiver of approval rights; (iii) a letter stating no objection; or (iv) presumptive approval if a Mortgagee does not respond to a notice by certified or registered United States mail, return receipt requested, within thirty days after the date the request for approval is transmitted in accordance with the notice requirements of the Association Documents.

(26) "Officer" means any Person holding office pursuant to Article 6 of the Bylaws.

(27) "Owner" means one or more Persons who own a Lot in fee simple, but does not mean any Person having an interest in a Lot solely by virtue of a contract or as security for an obligation.

(28) "Person" means a natural person, corporation, partnership, limited liability company, association, trust or other entity capable of holding title or any combination thereof.

(29) "Phase" means a portion of the Property designated as provided in Section 4.2.

(30) "Property" means, at any given time, the Submitted Land together with all improvements and appurtenances thereto now or hereafter existing.

(31) "Public Streets and Roadways" means streets and roadways dedicated to public use by a plat or deed of dedication but not including sidewalks, curbs, gutters and parking areas which are part of the Common Area.

(32) "Recreational Facilities" means the swimming pool and associated community buildings and any other facilities owned by the Association.

(33) "Rules and Regulations" means the rules and regulations governing the use, occupancy, operation, Upkeep and physical appearance of the Property adopted from time to time by the Board of Directors.

(34) "Submitted Land" means the real estate designated as such in Exhibit A and all real estate which is from time to time submitted to this Declaration and subjected to the jurisdiction of the Association. Submitted Land includes Common Area and Lots but does not include improvements or appurtenances thereto.

(35) "Supplementary Declaration" means any declaration (i) submitting real estate to the terms of this Declaration and subjecting such real estate to the jurisdiction of the Association, whether or not such Supplementary Declaration contains additional provisions reflecting the unique characteristics

of the real estate being submitted or (ii) submitting a portion of the Property to such supplementary covenants in accordance with the provisions of Article 4. A Supplementary Declaration may be part of a Deed of Subdivision.

(36) "Upkeep" means care, inspection, maintenance, clearing snow and ice, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

(37) "Visible from Neighboring Property" means with respect to any given object on a Lot, that such object is or would be visible to a person six feet tall, standing on any part of any adjacent Lot or other real estate at an elevation no greater than the elevation of the base of the object being viewed.

Section 1.2. Construction of Association Documents.

(a) Captions and Cross-references. The captions are inserted only for reference, and in no way define, limit or otherwise affect the scope, meaning or effect of any provision. All cross-references are to the Declaration unless otherwise indicated.

(b) Pronouns. The use of the masculine gender shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires.

(c) Severability. Each provision of an Association Document is severable from every other provision, and the invalidity or unenforceability of any one or more provisions shall not change the meaning of or otherwise affect any other provision. To the extent that any provision of the Association Documents is found to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision, then the narrower or partially enforceable construction shall be applied and, to the extent practicable, the provision shall be enforced.

(d) Interpretation. If there is any conflict between the Association Documents, this Declaration and then the applicable Supplementary Declaration shall control. Particular provisions shall control general provisions. The provisions of the Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted pursuant to any of the Association Documents. The Association Documents shall be construed together and shall be deemed to incorporate one another in full. Any requirements as to the content of one shall be deemed satisfied if the deficiency can be cured by reference to any of the others.

(e) Ambiguities Resolved by Declarant. If there is any ambiguity or question as to whether any Person, real estate or improvement falls within any of the definitions set forth in Article 1, the determination made by the Declarant (as evidenced by a recorded Supplementary Declaration) or practice of the Association during the Declarant Control Period shall be binding and conclusive.

(f) Use of New Technology. Due to the ongoing development of new technologies and corresponding changes in business practices, to the extent permitted by law now or in the future: (1) any notice required to be sent or received; (2) any signature, vote, consent or approval required to be obtained; or (3) any payment required to be made, under the Association Documents may be accomplished using the most advanced technology available at that time if such use is a generally accepted business practice. The use of technology in implementing the provisions of this Declaration dealing with notices, payments, signatures, votes, consents or approvals shall be governed by Section 1.2 of the Bylaws.

Section 1.3. The Association.

(a) Creation. The Association is a nonstock corporation organized and existing under the laws of Michigan, charged with the duties and vested with the powers prescribed by law and set forth in the Association Documents.

(b) Membership. Members of the Association shall at all times be, and be limited to, the Declarant (during the Development Period) and other Persons who constitute Owners of the Lots. If more than one Person owns a Lot, then all such Persons shall collectively constitute one Owner and be one member of the Association. Each member and the Persons constituting each Owner are entitled to attend all meetings of the Association. Membership in the Association is mandatory and automatic with ownership of a Lot.

(c) Classes of Owners; Voting Rights. The Association shall have two classes of Owners (members), Class A and Class B, with the voting rights set forth in the Bylaws and as follows.

The Class A Owners shall be the Owners of Lots, other than the Declarant or a Builder during the Declarant Control Period. Each Class A Owner shall have one vote for each Lot owned by such Owner.

The Class B Owner shall be the Declarant. The Declarant shall have 1,100 votes less the number of votes held by all other classes of Owners when a vote is taken. If the Declaration is amended from time to time to include additional real estate that was not originally described on Exhibits A and B to the Declaration when the Declaration was recorded or if the Development Plan is amended to increase the maximum number of dwellings permitted on the Submitted Land or the Additional Land, then the number of votes of the Class B Owner described above shall be increased by one and one-half times the number of votes that would be appurtenant to any additional Lots that could be created on such real estate if such real estate were fully developed under the applicable zoning and submitted to the Declaration.

After the Declarant Control Period expires, the Declarant shall have one vote as a Class B Owner and the Declarant shall also become a Class A Owner and have Class A votes with respect to the Lots owned by the Declarant. The Class B membership shall expire at the end of the Development Period. Any Person qualifying as a member of more than one voting class may exercise those votes to which such Person is entitled for each such class; provided, however, that such Person shall not simultaneously have more than one class of vote for the same Lot.

(d) Board Authority to Act. The Board of Directors is responsible for the management and Upkeep of the Property and the administration of the Association. Unless otherwise specifically provided in the Association Documents, all rights, powers, easements, obligations and duties of the Association may be performed by the Board of Directors on behalf of the Association without the joinder or approval of any other Person.

(e) Merger or Consolidation. Upon merger or consolidation of the Association with another association formed for similar purposes, the Association's properties, rights and obligations may be transferred to the surviving or consolidated Association, or alternatively, the properties, rights and obligations of the other association may be assumed by the Association, as the surviving entity. No such merger or consolidation shall effect any revocation, termination, change or addition to this Declaration except pursuant to Articles 15 and 16.

ARTICLE 2

COMMON AREA

Section 2.1. Conveyance; Title. The Declarant shall convey the Common Area in each Phase of the Property to the Association in fee simple, released from any encumbrance securing the repayment of monetary obligations incurred by the Declarant, but subject to all easements and other encumbrances then of record (including those created by this Declaration). The Association shall accept title to any real estate or personal property offered to the Association by the Declarant and the Association shall obtain title insurance for any real estate acquired in its own name. The Declarant will try to identify specifically the Common Area, but such identification shall not be required in order for the real estate to be Common Area. If the Declarant determines that a particular parcel of real estate is or is not Common Area, such determination shall be binding and conclusive. The Common Area may change from time to time. Accordingly, references to Common Area shall be deemed to refer to the Common Area existing at the relevant time.

Section 2.2. No Dedication. Nothing contained herein or in the other Association Documents shall be construed as a dedication to public use or as an assumption of responsibility for Upkeep of any Common Area by any public or municipal agency, authority or utility, nor shall it be construed to prevent the Board of Directors of the Association from permitting public access to or use of any Common Area.

Section 2.3. Regulation of Common Area. The Board of Directors shall have the right to regulate use of the Common Area pursuant to Section 8.3 and to charge fees for the use of Common Area. The Board of Directors may also mortgage, dedicate or convey Common Area subject to the restrictions in Section 15.4.

Section 2.4. Transfer of Responsibility for Upkeep. When the Declarant transfers any portion of the Common Area to the Association, the Declarant shall provide written notice to the Association, specifying the Common Area or improvements for which responsibility is being transferred, and the Association shall be deemed to have accepted such portion of Common Area and responsibility for upkeep thereof.

Section 2.5. Additional Improvements on Common Area. After the initial improvement and conveyance of any Common Area to the Association, the Declarant may, but is not obligated to, construct additional improvements on the Common Area for the benefit of the Property.

Section 2.6. Right to Use Common Area.

(a) Use and Enjoyment. The Declarant hereby reserves to itself during the Development Period and, on behalf of itself and its successors and assigns, grants to each Owner and each Person lawfully occupying a Lot a non-exclusive right of use and enjoyment in common with others of the Common Area. Such right of use and enjoyment shall be appurtenant to each Lot, whether or not mentioned in the deed thereto.

(b) Recreational Facilities. Each Owner is hereby granted a non-exclusive right of use and enjoyment in common with others of such Recreational Facilities which constitute a portion of the Common Area and a right of access over and through the Common Area to such Recreational Facilities. The rights granted hereby shall be subject to all rights and powers of the Association, when exercised in accordance with the applicable provisions of the Association Documents.

(c) Limitations. The rights of enjoyment and use created in this Section shall be subject to all rights and powers of the Declarant and the Association when exercised in accordance with the other applicable provisions of the Association Documents, including without limitation the Association's right to regulate the use of the Common Area and to establish reasonable charges therefor, and to mortgage the Common Area subject to Section 15.4.

(d) Delegation. Subject to the Rules and Regulations and such other restrictions as may be adopted by the Association, any Person having the right to use and enjoy the Common Area may delegate such rights to such Person's household, guests, employees, tenants, agents and invitees and to such other Persons as may be permitted by the Association. The rights granted by this Declaration shall not be enforceable by Persons to whom such rights may be delegated by Owners, including without limitation the household, tenants, guests, employees, agents and invitees of any Owner. This section does not affect, however, the rights of Mortgagees in possession or court-appointed officers in possession and control of a Lot acting in the name, place and stead of Owners, or any Person's right to enforce any rights granted in any lease or agreement between such Person and an Owner.

ARTICLE 3

[ARTICLE INTENTIONALLY LEFT BLANK]

ARTICLE 4

DEVELOPMENT OF THE PROPERTY

Section 4.1. Expansion by the Declarant.

(a) Designated Additional Land. The Declarant hereby reserves an option until the fifteenth anniversary of the date of recordation of this Declaration to expand the Property from time to time without the consent of any Owner or Mortgagee (except the owner of or holder of a deed of trust on such real estate) by submitting all or any portion of the Additional Land to the provisions of this Declaration and the jurisdiction of the Association whether or not such real estate is owned by the Declarant. The option to expand may be terminated only upon the recordation by the Declarant of an instrument relinquishing such option. The Declarant reserves the unilateral right, without the approval of any Owner or Mortgagee, to execute and record a Supplementary Declaration, subjecting any Lot to such additional covenants and restrictions as may be necessary to reflect the different characteristics of such Lot as are not inconsistent with the overall scheme of the Declaration; provided, however, that the Declarant shall not have such right after the conveyance of such Lot to an Owner other than the Declarant without the written consent of such Owner (and the Mortgagee of such Lot). The Declarant shall add Additional Land in accordance with the procedures set forth in Section 4.2. There are no limitations on the option to expand except as set forth in this Article.

(b) Undesignated Additional Land. The Declarant may unilaterally amend the description of Additional Land set forth in Exhibit B without the approval of any Owner or Mortgagee to expand the area referred to as Additional Land whether or not such real estate is owned by the Declarant; provided, however, that such additional real estate is immediately adjacent to the Property or across a public right-of-way from the Property.

Section 4.2. Procedure for Expansion; Additional Covenants. The Declarant may record one or more Supplementary Declarations. Each Supplementary Declaration adding real estate shall: (i) include a legally sufficient description of the real estate added, (ii) designate such real estate with the term "Phase" and a unique identifier so as to differentiate between each portion of the Property; and (iii) describe any real estate being conveyed to the Association as Common Area and describe any new Lots. The real estate designated as Submitted Land on Exhibit A shall be known by the Phase designations shown in Exhibit A. Any Supplementary Declaration may contain such additional covenants and restrictions as may be necessary to reflect the different characteristics of the Lots or the land uses if consistent with the overall scheme of this Declaration. Upon recording a Supplementary Declaration submitting real estate to the Declaration, the provisions of the Declaration shall apply to the real estate thereby added as if such real estate were originally part of the Submitted Land.

Section 4.3. Association Consent Not Required. During the Development Period, the exercise of any right by the Declarant under this Article 4 shall not require the consent of the Association.

Section 4.4. Declarant's Right to Modify the Property. The Declarant shall have the right to modify the topography, grading, landscaping, site improvements, water features, views and general appearance of the Property in the normal course of development and no Owner shall have any rights at common law or otherwise to object to such modifications or to make any claims relating thereto.

Section 4.5 Rights to Facilitate Sales. The Declarant hereby reserves to itself and its designees the right to: (i) use any Lots owned or leased by the Declarant, any other Lot with the written consent of the Owner thereof or any portion of the Common Area (including any buildings thereon) as models, management offices, sales offices, a visitors' center, construction offices, customer service offices, or sales office parking areas (provided, however, that the Declarant or its designee, as appropriate, shall remain responsible for the Upkeep of that portion of the Common Area used for the foregoing purposes); (ii) place and maintain in any location on the Common Area and on any Lot (for a distance of ten feet behind any Lot line which parallels a public street), street and directional signs, temporary promotional signs, temporary construction and sales offices, plantings, street lights, entrance features, "theme area" signs, lighting, stone, wood or masonry walls or fences and other related signs and landscaping features; provided, however, that all signs shall comply with applicable governmental regulations; and (iii) relocate or remove all or any of the above from time to time at the Declarant's sole discretion.

ARTICLE 5

SPECIAL DECLARANT RIGHTS: TRANSFER

Section 5.1. Special Declarant Rights. "Special Declarant Rights" are those rights reserved for the benefit of the Declarant as provided for in the Association Documents, and shall include without limitation the following rights: (1) to use easements over and through the Property for the purpose of making improvements within the Property; (2) to maintain models, management offices, visitor centers, construction offices, sales offices, customer service offices and signs advertising the Property; (3) to exercise the rights and votes of the Class B Owner; (4) to remove and replace any director or committee member appointed or elected by the Class B Owner; (5) to make unilateral amendments to the Association Documents as provided in Sections 4.1, 4.3 and 15.1; (6) to add Additional Land; (7) to withdraw Submitted Land; and (8) to exercise any other rights given to the Declarant.

Section 5.2. Transfer of Special Declarant Rights.

(a) Procedure. The Declarant may unilaterally transfer Special Declarant Rights created or reserved under the Association Documents to any Person acquiring Lots or Additional Land by an instrument evidencing the transfer recorded in the Land Records. The instrument is not effective unless executed by the transferor and transferee; provided, however, that a Person acquiring Lots or Additional Land pursuant to Subsection 5.2(c) may unilaterally execute and record an instrument to acquire some or all of the Special Declarant Rights. A partial transfer of Special Declarant Rights does not prevent the transferor declarant from continuing to exercise Special Declarant Rights with respect to real estate retained by such declarant. The instrument providing for a partial transfer of Special Declarant Rights shall allocate voting rights between the transferor and the transferee. To the extent provided in the transfer instrument, each Person having special declarant rights under the Association Documents has the right to transfer such rights unilaterally with respect to real estate owned by such Person. If at any time no Declarant (or holder of Special Declarant Right) exists, a successor may be appointed by an amendment to the Declaration made pursuant to Section 15.2.

(b) Liability of Transferor. Upon transfer of any Special Declarant Right, the transferor has no liability for any act or omission, or any breach of a contractual or warranty obligation arising from the exercise of a Special Declarant Right by a successor declarant who is not an Affiliate of the transferor.

(c) Effect of Foreclosure on Successor. Unless otherwise provided in a Mortgage, in case of foreclosure of a Mortgage (or deed in lieu of foreclosure), tax sale, judicial sale, sale by a trustee under a deed of trust or sale under the Bankruptcy Code or receivership proceedings, of any Lots or Additional Land owned by a declarant, a Person acquiring title to all the Lots or Additional Land being foreclosed or sold, but only upon such Person's request, succeeds to all Special Declarant Rights related to such Lots or Additional Land or only to any rights reserved in the Association Documents to maintain models, management offices, construction offices, sales offices, customer service offices and signs advertising the Property. The judgment, instrument conveying title or other instrument recorded in the Land Records shall provide for transfer of only the Special Declarant Rights requested.

(d) Effect of Foreclosure on Declarant. Upon foreclosure (or deed in lieu of foreclosure), tax sale, judicial sale, sale by a trustee under a deed of trust, or sale under the Bankruptcy Code or receivership proceedings, of all Lots and Additional Land owned by a declarant (1) the declarant ceases to have any Special Declarant Rights, and (2) the Declarant Control Period terminates unless the judgment, instrument conveying title or other instrument recorded among the Land Records provides for transfer of the Special Declarant Rights held by that declarant to a successor declarant.

(e) Liability of Successor. The liabilities and obligations of Persons who succeed to Special Declarant Rights are as follows:

(1) A successor to any Special Declarant Right who is an Affiliate of a declarant is subject to all obligations and liabilities imposed on the transferor by the Association Documents.

(2) A successor to any special declarant right, other than a successor described in paragraphs (3) or (4) of this subsection or a successor who is an Affiliate of a declarant, is subject to all obligations and liabilities imposed by the Association Documents: (A) on a declarant which relate to such declarant's exercise or non-exercise of Special Declarant Rights; or (B) on the transferor, other than: (i) misrepresentations by any previous declarant; (ii) warranty obligations, if any, on improvements made by any previous declarant, or made before the Association was created; (iii) breach

of any fiduciary obligation by any previous declarant or such declarant's appointees to the Board of Directors; or (iv) any liability or obligation imposed on the transferor as a result of the transferor's acts or omissions after the transfer.

(3) A successor to only a right reserved in the Association Documents to maintain models, sales offices, customer service offices and signs, if such successor is not an Affiliate of a declarant, may not exercise any other Special Declarant Right, and is not subject to any liability or obligation as a declarant.

(4) A successor to all Special Declarant Rights held by a transferor who succeeded to those rights pursuant to foreclosure, a deed in lieu of foreclosure or a judgment or instrument conveying title under Subsection (c), may declare the intention in an instrument recorded in the Land Records to hold those rights solely for transfer to another Person. Thereafter, until transferring all Special Declarant Rights to any Person acquiring title to any Lots owned by the successor, or until recording an instrument permitting exercise of all those rights, that successor may not exercise any of those rights other than any right held by the transferor to vote as the Class B Owner in accordance with the provisions of the Association Documents, and any attempted exercise of those rights is void. So long as a successor declarant may not exercise Special Declarant Rights under this subsection, such successor is not subject to any liability or obligation as a declarant.

(f) Limitation. Nothing in this Article subjects any successor to a Special Declarant Right to any claim against or other obligation of a transferor declarant, other than claims and obligations arising under the Association Documents.

(g) Affiliate. For the purposes of this section, "Affiliate" or "Affiliate of a declarant" means any Person who controls, is controlled by, or is under common control with a declarant. A Person controls a declarant if the Person (i) is a general partner, officer, director or employer of the declarant, (ii) directly or indirectly or acting in concert with one or more Persons or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing more than twenty percent of the voting interests in the declarant, (iii) controls in any manner the election of a majority of the directors of the declarant, or (iv) has contributed more than twenty percent of the capital of the declarant. A Person is controlled by a declarant if the declarant (i) is a general partner, officer, director or employer of the person, (ii) directly or indirectly or acting in concert with one or more other Persons or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing more than twenty percent of the voting interest in the Person, (iii) controls in any manner the election of a majority of the directors of the Person, or (iv) has contributed more than twenty percent of the capital of the Person. Control does not exist if the powers described in this paragraph are held solely as security for an obligation and are not exercised.

Section 5.3. No Obligations. Nothing contained in the Association Documents shall impose upon the Declarant or its successors or assigns any obligation of any nature to build, construct, warrant, renovate or provide any improvements. Neither the Declarant nor its successors or assigns shall be liable to any Owner or occupant by reason of any mistake in judgment, negligence, nonfeasance, action or inaction or for the enforcement or failure to enforce any provision of this Declaration. No Owner or occupant of any portion of the Property shall bring any action or suit against the Declarant to recover any damages or to seek equitable relief because of the enforcement or failure to enforce any provision of the Declaration against a third party.

ARTICLE 6

COMMON EXPENSES AND ASSESSMENTSSection 6.1. Determination of Common Expenses and Budget.

(a) Fiscal Year. The first fiscal year of the Association shall be as determined in accordance with Section 9.4 of the Bylaws.

(b) Preparation and Approval of Budget.

(1) At least sixty-five days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary for the ensuing fiscal year to pay the cost of management and Upkeep of the Common Area and, to the extent provided in the Association Documents, Upkeep of the Lots, and the cost of other expenses that may be declared to be Common Expenses by the Association Documents or by a resolution of the Board of Directors, including without limitation services provided to the Owners, Lots or Common Area.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital (available cash for day-to-day expenses which is otherwise uncommitted), a general operating reserve (including an amount to cover operating losses due to insurance deductibles) and reserves for contingencies (potential costs or liabilities which have not been incurred but which should be planned for) and reserves for replacements. At least fifty-five days before the beginning of each fiscal year, the Board of Directors shall make available a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and provide a copy of such budget to each Owner. Such budget shall constitute the basis for determining the Assessment against each Lot.

(c) Installment Payments and Due Dates. Any and all such Assessments and other charges shall be a lien against each Owner's Lot as provided in Section 12.2. On or before the first day of each fiscal year or such other date established by the Board of Directors, each Owner shall pay to such Person at such place as the Board of Directors may direct the Annual Assessment which is due for such year. All sums collected by the Board of Directors with respect to Assessments against the Lots or from any other source may be commingled into a single fund.

(d) Initial Budget and Initial Assessments.

(1) Upon taking office, the first Board of Directors shall determine the budget, as defined in this section, for the period commencing thirty days after taking office and ending on the last day of the fiscal year in which such directors take office.

(2) The first Annual Assessment for Common Expenses shall be prorated based upon the number of days remaining in the fiscal year and shall be due on the earlier of: (i) the date the Lot is conveyed to an Owner other than the Declarant or a Builder or (ii) the date the Lot is occupied for the first time. Such Assessment shall be levied and become a lien as set forth in Section 12.2.

(3) Notwithstanding the foregoing, the Declarant may, at the Declarant's sole option, decide to pay all ordinary operating costs of the Association for a period of time not to exceed two years. If the Declarant so elects, the Association will incur no Common Expenses and thus no regular Annual Assessments will be collected during such time.

(4) Each Purchaser of a Lot other than the Declarant or a Builder shall pay at settlement an "initial contribution" equal to \$150.00 increased each year by the same percentage as the increase in the total Annual Assessment for such purchaser's Lot to provide necessary working capital for the Association. The Declarant, however, shall not be required to pay an "initial contribution" on the Lots owned by the Declarant. Such funds are to be used for such costs of the Association as the Board of Directors may determine.

(e) Effect of Failure to Prepare or Adopt Budget. For the first fiscal year of the Association following the first conveyance of any Lot to an Owner other than the Declarant or a Builder, and for all fiscal years thereafter, the Board of Directors shall establish the Annual Assessment against each Lot for Common Expenses. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay Assessments at the rate established for the previous fiscal year until notified of the new payment. Within ten days after such new annual or adjusted budget is adopted and the Owner receives such notice of such new payment, Owner shall pay the difference between the Assessment paid for such fiscal year at the previous fiscal year rate and the new Assessment Rate.

(f) Pledge of Revenues. The Board of Directors, by a vote of two-thirds of the total number of directors, shall have the right and power to assign and pledge all revenues to be received by the Association, including but not limited to Annual Assessments and Additional Assessments in order to secure the repayment of any sums borrowed by the Association from time to time.

Section 6.2. Assessments.

(a) Annual Assessments. Subject to the provisions of Section 6.3, the total amount of the estimated funds required for: (i) the management and Upkeep of the Property; (ii) services to the Lots and Owners; and (iii) to meet obligations of the Association established pursuant to this Declaration or other shared Upkeep agreements shall be assessed annually against the Lots or levied as an Annual Assessment. Subject to the limitations set forth in Section 6.3, the Association shall assess each Class A Owner an equal Annual Assessment against all Lots subject to assessment for Common Expenses.

(b) Additional Assessments. The Board of Directors may levy Additional Assessments on the Lots subject to assessment pursuant to Subsection 6.2(a). The Board of Directors shall give notice of any Additional Assessment to the Owners specifying the amount and reasons therefor, and such Assessment shall, unless otherwise specified in the notice, be payable in full within ten days after the date of such notice or in periodic installments, as the Board may determine. Such Assessment shall be a lien as set forth in Section 12.2.

(c) Individual Assessments. The Board of Directors shall have the power to assess an Owner's Lot individually: (i) for the amount of any costs incurred by the Association pursuant to Subsection 7.2(a) in performing Upkeep that the Owner failed to perform as required by that section; (ii) for the amount of any charges imposed on that Owner pursuant to Subsection 12.1(h); (iii) for any costs incurred by the Association because of any violation or negligence for which that Owner is responsible under Subsection 12.1(a); and (iv) fees charged for individual use of the Common Area. Each such Assessment made under clauses (i), (ii) or (iii) shall be due ten days after notice thereof is given to the Owner unless the notice specifies a later date.

(d) Reserves The Board of Directors shall build up and maintain reasonable reserves for working capital, operations (including losses due to insurance deductibles), contingencies and replacements. Such funds shall be a Common Expense of the Association and shall be deposited and invested by the Board of Directors. At least seventy-five percent of such reserve funds shall be deposited with one or more financial institutions, the accounts of which are insured by an agency of the United States of America or, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

As to each separate reserve account:

(1) Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year, shall be charged first against the appropriate reserves. Except for expenses for normal Upkeep shown in the annual operating budget, all expenses for repair and replacement of physical assets maintained by the Association shall be charged first against the appropriate reserves. Unless otherwise determined by the Board of Directors, the amount held as reserves shall not substantially exceed the amount reasonably required to assure the Association's ability to replace components as they reach the end of their useful lives.

(2) If regular annual Upkeep extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items or by distribution to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner during the last complete fiscal year.

(3) If the reserves are inadequate to meet actual expenditures for any reason (including non-payment of any Owner's Assessment) then the Board of Directors shall, in accordance with Subsection 6.2(b), levy an Additional Assessment against the Lots, unless the Declarant is then obligated to pay such amounts pursuant to Subsection 6.3(b).

(f) Surplus and Deficit.

(1) Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors: (i) be placed in reserve accounts; (ii) be placed in a special account to be expended solely for the general welfare of the Owners; (iii) be credited to the next Assessment payments due from Owners until exhausted, or (iv) be distributed to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner.

(2) Unless the surplus from the preceding years is applied against the deficit or the budget for the succeeding fiscal year is adjusted to amortize the deficit during such fiscal year, any net shortage in expenses (including reserves) shall be assessed promptly against the Owners as an Additional Assessment in accordance with Subsection 6.2(b) unless the Declarant is then obligated to pay such amounts pursuant to Subsection 6.3(b).

(g) Lots Added During the Fiscal Year. Notwithstanding any other provision of this Article, whenever any Additional Land is added, the Assessment against each Lot being added (other than unoccupied Lots which are owned by the Declarant or a Builder and exempt from assessment in accordance with Section 6.3) shall be calculated in the same manner and be due in the same number of installments as the Assessment for the remainder of the fiscal year against Lots already a part of the Property. In addition, the Owner of the Lot being added shall pay a prorated portion of any amount payable for the period between the later of (i) the date the Lot was conveyed to an Owner other than the Declarant or a Builder or (ii) the date such Lot was added to the Property and the due date of the next

installment. Such proration of the Assessment due for any Lot added shall be based upon the total Assessment due and a 365-day fiscal year. Payment of the prorated portion will be due no later than the due date of the first installment to be paid by the Owner of any Lot added. The Board of Directors may revise the budget to reflect the addition of such Lots.

(h) Minimum Service Levels. Without a Majority Vote of the Owners, the Board of Directors shall not in any one fiscal year reduce (i) any line item in the annual operating budget in excess of ten percent or (ii) the total assessment for Common Expenses for that fiscal year by more than twenty percent if it would require a material reduction in the level of services to be provided.

Section 6.3. Assessment Against Lots Owned by the Declarant; Deficit-funding Obligation; Exemptions.

(a) Declarant's Deficit-funding Obligation. During the Declarant Control Period, the Declarant must fund all operating budget deficits (the amount by which the operating expenses of the Association exceed the total budgeted income of the Association), including reasonable reserves (based on expected useful life of the Common Area improvements), as determined by the Board of Directors. The Declarant's deficit funding obligation hereunder may be satisfied with in-kind payments of services or materials. The Declarant's obligation under this section does not include any expenses that the Association is unable to meet because of nonpayment of any Owner's Assessment or because of unusual or extraordinary expenses not included in the budget. The net deficit to be paid by the Declarant shall be cumulative over the period the Declarant owns Lots exempt from full assessment, regardless of the timing of payments or cash flow of the Association. The Declarant's obligation under this section shall not exceed the amount the Declarant would be obligated to pay if all Lots owned by the Declarant were assessed in accordance with Subsection 6.2(a) less any Assessments actually paid pursuant to Subsection 6.3(a) with respect to such Lots.

(b) Exemptions. The Common Area and any properties dedicated to a public authority or exempt from taxation by a public authority shall be exempt from assessment and the lien created hereby. Notwithstanding any other provision of this Declaration, Lots owned by the Declarant which have never been occupied shall be exempt from full assessment for Common Expenses and the lien created hereby for so long as the one-time or reduced assessment levied pursuant to Subsection 6.3(a) is paid. The exemption from paying Assessments shall not apply to Lots used for model home purposes.

Section 6.4. Liability for Common Expenses.

(a) Declarant and Owner Liability. Each Owner of a Lot, by acceptance of a deed therefor (whether or not so stated in any such deed or other conveyance), covenant and agrees to pay to the Association all Common Expenses and other charges assessed by the Board of Directors pursuant to the provisions of this Declaration. Each Owner shall be personally liable for all Assessments against such Owner's Lot. No Owner may be exempted from liability for the assessment for Common Expenses by reason of waiver of the use or enjoyment of any of the Common Area or by abandonment of the Lot. No Owner shall be liable for the payment of any part of the Common Expenses assessed against the Lot subsequent to the date of recordation of a conveyance by such Owner in fee of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and Assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid Assessments against the latter for (i) the amount shown on the Statement of Common Expenses or (ii) if no Statement of Common Expenses is obtained, the amount shown on the assessment or judgment lien against the Lot filed in the Land Records; or (iii) if no Statement of Common Expenses is obtained and no assessment or judgment lien has been filed, the amount owed not to exceed six monthly installments of the Annual Assessment for Common Expenses, in any case without prejudice to the

purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor. The Lot also shall remain subject to a lien for the amount owed to the Association in accordance with this section until such amount has been paid. Any such purchaser may rely on a Statement of Common Expenses obtained pursuant to Section 6.6.

(b) Mortgagee Liability. Each Mortgagee who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid Assessments or charges against such Lot which accrue prior to the time such Mortgagee or purchaser comes into possession thereof, except as provided below and for claims for a pro rata share of such Assessments or charges resulting from a pro rata reallocation of such Assessments or charges to all Lots including the mortgaged Lot assessed after the Mortgagee or purchaser takes possession. The lien created by Section 12.2 shall cease to exist with respect to Assessments and charges levied prior to the time title is transferred by foreclosure or by deed or assignment in lieu thereof; provided, however, that if the proceeds of a foreclosure exceed the total amount due to the Mortgagee, the excess shall first be paid to the Association and applied to the satisfaction of the Association's lien created by Section 12.2.

Section 6.5. Collection of Assessments. Any Assessment, or installment thereof, not paid within ten days after the due date shall be delinquent and shall accrue a late charge in the amount of \$25.00, or such other amount as may be established from time to time by the Board of Directors. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any Assessments for Common Expenses due from any Owner which remain unpaid for more than thirty days after the due date for payment thereof. The late charge is in addition to the Association's other enforcement powers pursuant to Article 12.

Section 6.6. Statement of Common Expenses. The Board of Directors or managing agent shall provide any Owner, contract purchaser or Mortgagee, within fourteen days after a written request therefor (or within such other time period as may be required by law), with a written statement of all unpaid Assessments due with respect to a specific Lot (or a statement that the amount of unpaid Assessments is zero) ("Statement of Common Expenses"). No contract purchaser, Mortgagee or purchaser from a Mortgagee requesting such a statement shall be liable for, nor shall the Lot conveyed to such Person relying on such statement be subject to a lien for, any unpaid Assessments due prior to the date of such statement in excess of the amount set forth on such statement; provided, however, that this section shall not be interpreted to release any Person from personal liability for such Assessments levied while such Person owned the Lot. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

ARTICLE 7

OPERATION OF THE PROPERTY

Section 7.1. Upkeep by the Association.

(a) Common Area. The Association shall be responsible for the management and Upkeep of all of the Common Area, such Upkeep to include without limitation (1) Upkeep of all private parks and other open areas, including grass cutting, trash collection, landscaping and lawn maintenance; (2) Upkeep of the sidewalks and parking areas, including clearing snow and ice; (3) Upkeep and operation of all Recreational Facilities located on the Common Area, if any; and (4) Upkeep of all other improvements located on the Common Area. The Association shall not have any other responsibility for the Upkeep of any Lot except for those responsibilities and duties specifically enumerated within the