October 28, 2005

WALNUT CREEK ESTATES @ WOODWIND CONDOMINIUM
BYLAWS
(EXHIBIT "A" TO THE MASTER DEED)

ARTICLE I
ASSOCIATION OF CO-OWNERS

Walnut Creek Estates @ Woodwind Condominium, a residential Condominium located in the Township of Lyon, County of Oakland, State of Michigan, shall be administered by an Association of Co-owners which shall be a nonprofit corporation, hereinafter called the "Association", which has been organized under the applicable laws of the State of Michigan, and is responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium in accordance with the Master Deed, these Bylaws, the Articles of Incorporation and duly adopted rules and regulations of the Association, and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner, including the Developer, shall be a member of the Association and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit in the Condominium. A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve or other asset of the Association. The Association shall keep current copies of the Master Deed. all amendments to the Master Deed and other Condominium Documents for the Condominium available at reasonable hours to Co-owners, prospective purchasers and the mortgagees of Units in the Condominium. All Co-owners in the Condominium and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II
ASSESSMENTS

All expenses arising from the management, administration and operation of the Association in pursuance of its authority and responsibilities as set forth in the Condominium Documents and the Act, ,shall be levied by the Association against the Units and their Co-owners in accordance with the following provisions:

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

Condominium shall constitute receipts affecting the administration of the Condominium within the meaning of Section 54(4) of the Act.

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

(a) Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Co-owner's obligation to pay the allocable share of the common expenses, as herein provided, whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Co-owner shall continue to pay each quarterly installment at the quarterly rate established for the previous fiscal year until notified of any change in the quarterly payment, which shall not be due until at least ten (10) days after such new annual or adjusted budget is adopted. An adequate reserve fund for maintenance, repair and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular quarterly payments as set forth in Section 3 below, rather than by additional or special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a non-cumulative basis. Since the minimum standard required by this Section may prove to be inadequate for this particular Condominium, the Association should carefully analyze the Condominium to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. The funds contained in such reserve fund shall be used for major repairs and replacements of Common Elements. The Board of Directors may establish such other reserve funds as it may deem appropriate from time to time. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the delivery of a copy of the budget to each Co-owner shall not affect the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation, management, maintenance and capital repair of the Condominium; (2) to provide replacements of existing Common Elements; (3) to provide additions to the Common Elements not exceeding Twenty-Five Thousand Dollars ($25,000.00), in the aggregate, annually; or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional or special assessment or assessments without Co-owner approval as it shall deem to be necessary. The Board of Directors shall also have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 5

hereof. The discretionary authority of the Board of Directors to levy general, additional or special assessments pursuant to this subsection shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

(b) **Special Assessments.** Special assessments, other than those referenced in subsection 2(a) above, subject to Article VII of these Bylaws, may be made by the Board of Directors from time to time and approved by the Co-owners as herein provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of an aggregate cost exceeding Twenty-Five Thousand Dollars ($25,000.00) per year; (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection (b) (but not including those assessments referred to in subsection 2(a) above which may be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all Co-owners entitled to vote as of the record date for said vote. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and is not enforceable by any creditors of the Association or the members thereof.

Section 3. **Apportionment of Assessments; Default in Payment.** Unless otherwise provided herein, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article V of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Any unusual expenses of administration, as may be determined in the sole discretion of the Board of Directors, which benefit less than all of the Units in the Condominium, may be specially assessed against the Unit or Units so benefited and may be allocated to the benefited Condominium Unit or Units in the proportion which the percentage of value of the benefited Condominium Unit bears to the total percentages of value of all Condominium Units so specially benefited. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by the Co-owners in four (4) equal quarterly installments, commencing with acceptance of a Deed to, or a land contract purchaser's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. A late charge in the amount of Fifteen Dollars ($15.00) per month, or such other amount as may be determined by the Board of Directors, effective upon fifteen (15) days notice to the members of the Association, shall be assessed automatically by the Association upon any assessment in default until paid in full. Such late charge shall not be deemed to be a penalty or interest upon the funds due to the Association but is intended to constitute a reasonable estimate of the administrative costs and other damages incurred by the Association in connection with the late payment of assessments. Assessments in default shall

bear interest at the rate of seven percent (7%) per annum or such higher rate as may be allowed by law until paid in full. Payments on account of installments of assessments in default shall be applied first, to any late charges on such installments; second, to costs of collection and enforcement of payment, including reasonable attorney fees as the Association shall determine in its sole discretion and finally to installments in default in order of their due dates, earliest to latest.

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

Section 4. Waiver of Use or Abandonment of Unit; Uncompleted Repair Work. Section 5. Enforcement. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments, or both in accordance with the Act. Pursuant to Section 139 of the Act, no Co-owner may assert in answer or set-off to a complaint brought by the Association for nonpayment of assessments the fact that the Association or its agents have not provided the services or management to the Co-owner.

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

Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be

published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address of a written notice that one or more installments of the annual assessment and/or a portion or all of a special or additional assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written Affidavit of an authorized representative of the Association that sets forth: (i) the Affiant's capacity to make the Affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such Affidavit shall be recorded in the office of the Register of Deeds in the County in which the Condominium is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the Co-owner and shall inform the Co-owner that he may request a judicial hearing by bringing suit against the Association.

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

Section 6. <u>Liability of Mortgagee</u>. Notwithstanding any other provision of the Condominium Documents, the holder of any first mortgage covering any Unit in the

Condominium which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale in regard to said first mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rate reallocation of such assessments or charges to all Units, including the mortgaged Unit, and except for assessments that have priority over the first mortgage under Section 108 of the Act).

Section 7. Developer and Builder Responsibility For Assessments. During the Development, Construction and Sales Period, neither the Developer nor any Builder, although they are members of the Association, shall be responsible at any time for payment of: (a) the Association assessments, except with respect to completed and occupied Units that it owns; nor (b) except as provided below, any Association expenses whatsoever with respect to Units which are not completed and occupied Units, notwithstanding the fact that any Unit which is not a completed and occupied Unit may have been included in the Master Deed. A completed Unit is one with respect to which a Certificate of Occupancy has been issued by the Township. Certificates of Occupancy may be obtained by the Developer or a Builder at such times prior to actual occupancy as the Developer or Builder, as applicable, in its discretion, may determine. An occupied Unit is one that is improved by a dwelling that is occupied as a residence. The Developer and each Builder, however, shall independently insure, maintain, repair and replace all Units it owns, and shall bear the cost thereof. During the Development, Construction and Sales Period, the Developer and each Builder also shall pay a proportionate share of all expenses actually incurred by the Association from time to time for the current administration, insurance and maintenance of any Common Element for which the Association is assigned the responsibility of repair, net of the proceeds of any insurance or Co-owner recovery, and shall also pay a proportionate share of the general administrative expenses of the Association incurred prior to the Transitional Control Date. The proportionate share of the Developer or Builder in all such expenses shall be determined based upon the ratio of completed but unoccupied Units that the Developer or Builder, as applicable, owns at the time the expense is incurred to the total number of Units in the Condominium. Any assessment levied or expense claim made by the Association against the Developer or a Builder for any other purpose, in whole or in indivisible part, is hereby determined to be in respect of a common expense which benefits the completed and sold Units, only, and shall be void without the consent of the Developer or Builder, as applicable. Without limiting the foregoing, in no event shall the Developer or any Builder be responsible for payment. during the Development, Construction and Sales Period, of any amount which, in whole or in indivisible part, is to finance deferred maintenance, reserves for replacement, capital improvements, the purchase of any Unit from the Developer or a Builder, the cost of any litigation or claim against the Developer, its directors, officers, agents, principals, assigns. affiliates and/or the first Board of Directors of the Association or any directors of the Association appointed by the Developer, or any cost of investigating and/or preparing any such litigation or claim, or for any other special purpose, except with respect to completed and occupied Units that it owns. Notwithstanding the foregoing, the Developer shall be responsible

to fund any deficit or shortage in the Association's reserve fund for major repairs and replacements that exist at the Transitional Control Date as the result of the limited responsibility of the Developer and Builders for assessments, as provided in this Section.

Section 8. **Property Taxes and Special Assessments.** All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 9. **Personal Property Tax Assessment of Association Property.** The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 10. **Construction Lien.** A construction lien arising under the Construction Lien Act, No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act, as amended.

Section 11. **Statement as to Unpaid Assessments.** Pursuant to the provisions of the Act, the purchaser of any Unit may request a statement of the Association as to the outstanding amount of any unpaid Association assessments, interest, late charges, fines, costs, and attorney fees thereon, whether annual, additional or special, and related collection costs. Upon written request to the Association, accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire the Unit, the Association shall provide a written statement of such unpaid assessments, interest, late charges, fines, costs, attorney fees and related collection or other costs as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments together with interest, late charges, fines, costs, and attorney fees incurred in the collection thereof, and the lien securing same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments, interest collection and late charges, advances made by the Association for taxes or other liens to protect its liens, fines, costs, and attorney fees incurred in the collection thereof constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record having priority. The Association may charge such reasonable amounts for preparation of a statement as to unpaid assessments as the Association shall, in its discretion, determine.

Section 12. **Association Remedies Not Applicable to Default by Developer.** Neither the late charge applicable to assessments the payment of which are in default, as described in Section 3 of this Article II, nor the remedies afforded the Association to enforce the collection of assessments, expenses and other charges which are in default, as described in Section 5 of this Article II, shall be applicable to the Developer's liability for assessments, expenses and/or other charges which at any time during the Development, Construction and Sales Period become due

and subsequently are in default. notwithstanding that the Developer may then be a "Co-owner" within the meaning of Article III, Section 14 of the Master Deed.

ARTICLE III
ARBITRATION

Section 1. **Scope and Election.** Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between Co-owners, or between a Co-owner or Co-owners and the Association shall, upon the election and written consent of the parties to any such disputes, claims or grievances, and written notice to the Association, if applicable, be submitted to arbitration and the parties thereto shall accept the arbitrators' decision as final and binding; provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to tifsfme hereafter shall be applicable to any such arbitration. Any agreement to arbitrate pursuant to the provisions of this Article III, Section 1 shall include an agreement between the parties that the judgment of any Circuit Court of the State of Michigan may be rendered upon any award rendered pursuant to such arbitration.

Section 2. **Judicial Relief.** In the absence of the election and written consent of the parties pursuant to Section 1 above, no Co-owner or the Association shall be precluded from petitioning the Courts to resolve any such disputes, claims or grievances.

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

Section 4. **Co-owner Approval for Civil Actions Against Developer and First Board of Directors.** Any civil action proposed by the Board of Directors on behalf of the Association to be initiated against the Developer, its agents or assigns, and/or the First Board of Directors of the Association or other Developer-appointed Directors, for any reason, shall be subject to approval by a vote of sixty-six and two-thirds percent (66-2/3%) of all Co-owners entitled to vote as of the record date for said vote, and notice of such proposed action must be given in writing to all Co-owners in accordance with Article VII herein below. Such vote may only be taken at a meeting of the Co-owners and no proxies or absentee ballots may be used, notwithstanding the provisions of Article VII herein below.

ARTICLE IV
INSURANCE

Section 1. **Association Responsibilities.** The Association shall obtain and continuously maintain in effect a standard insurance policy covering "all risks" of direct physical loss which are commonly insured against, including, among other things, fire and extended coverage, vandalism and malicious mischief, liability (including medical payments) insurance and worker's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements. The Association also shall carry: (1) fidelity bond coverage as

provided in Article XII, Section 16, below; (ii) directors' and officers' liability coverage as provided in Article XV1, Section 2, below; and (iii) such other insurance, if any, as the Board of Directors from time to time deems advisable. All liability insurance policies purchased by the Association shall provide that: (1) each Co-owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association; (ii) the insurer waives its right to subrogation under the policy against any Co-owner and any member of his household residing in the Unit; and (iii) no act or omission by any Co-owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy. All insurance purchased by the Association shall be purchased for the benefit of the Association, the Co-owners and their mortgagees. as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. All such insurance shall be carried and administered, insofar as applicable, in accordance with the following provisions:

(a) Casualty Insurance. All Common Elements shall, to the extent appropriate, be insured by the Association against fire and the other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors in consultation with the Association's insurance carrier and/or its representatives applying commonly employed methods for the reasonable determination of replacement costs. All such coverage shall be effected upon an agreed-amount basis for the entire Condominium with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total Project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement). All such coverage also shall include endorsement(s) which will provide insurance coverage for the Association's additional costs, if any, to: (i) upgrade a damaged Common Element structure in compliance with then-applicable building codes; and (ii) if determined by the Board of Directors at the time of insurance policy purchase or renewal to be required by any then-applicable law or ordinance, demolish and re-construct any partially-damaged Common Element structure, the undamaged portion of which is required by such then-applicable law or ordinance to be demolished.

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

(c) Proceeds of insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, the Co-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V below, the proceeds of any insurance policy issued to the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than repair, replacement or reconstruction of the

Condominium unless at least sixty-seven percent (67%) of the institutional holders of first mortgages on Units in the Condominium have given their prior written approval, if one or more Units are tenantable, or if at least fifty-one percent (51%) of the institutional holders of first mortgages have given their written approval, if no Unit is tenantable.

(d) Insurance Records. All non-sensitive or non-confidential information in the Association's records regarding insurance coverage shall be made available to all Co-owners upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting, to change the nature and extent of any coverage, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-owners of nature and extent of all changes in coverage.

Section 2. Co-owner Responsibilities. Each Co-owner at his own expense shall obtain and continuously maintain in effect personal liability and property casualty insurance coverage upon his Unit. It shall be each Co-owner's responsibility to determine by personal investigation or from his own insurance advisor the nature and extent of insurance coverage adequate to recompense him for personal liability for occurrences within his Unit and for foreseeable losses to his Unit, the dwelling and any other structure or improvement located within the boundary of his Unit, and also for alternative living expense in the event of fire and/or other casualty that may render the Co-owner's Unit uninhabitable. The Association shall have absolutely no responsibility for obtaining any such coverage, nor excess coverage for any such liability or casualty, unless specifically and separately agreed in writing between the Association and the Co-owner in writing; provided, however, that any such agreement between the Association and the Co-owner shall provide that any additional premium cost to the Association attributable thereto shall be assessed to and borne solely by said Co-owner and collected as part of the assessments against said Co-owner under Article II above. Each Co-owner shall file a copy of such insurance policy, or policies, including all endorsements thereon, or, in the Association's discretion. certificates of insurance or other satisfactory evidence of insurance, with the Association in order that the Association may be assured that such insurance coverage is in effect.

Section 3. Determination of Primary Carrier Subrogation. In those situations where coverage under an Association insurance policy and a Co-owner insurance policy overlap, the provisions of this Section 3 shall control in determining the agreement of the Association and Co-owners as to the determination of the primary carrier and policy. In the event of any property damage to a General Common Element, or to a Limited Common Element for which the Association is assigned by Article IV of the Master Deed the responsibility to repair and/or replace, the Association's carrier and policy shall be deemed primary. In the event of any personal injury or other liability claim for any occurrence in or upon the General Common Elements, or in or upon a Limited Common Element for which the Association is assigned by Article IV of the Master Deed the responsibility to repair and/or replace, the Association's carrier and policy shall be deemed primary. In the event of any property damage to a Unit or its

contents, or to a Limited Common Element for which the Co-owner is assigned by Article IV of the Master Deed or by Article V below the responsibility to repair and/or replace, including, without limitation, any improvements and betterments, the Co-owner's carrier and policy shall be deemed primary. In the event of any personal injury or other liability claim for any occurrence in or upon a Unit, or in or upon a Limited Common Element for which the Co-owner is assigned by Article IV of the Master Deed or by Article V below, the responsibility to repair and/or replace, including, without limitation, any claim which is attributable to or arises from the use of any improvements and betterments, the Co-owner's carrier and policy shall be deemed primary. In all cases where the Association's carrier and policy are not deemed primary, if the Association's carrier and policy contribute to the payment of the loss, the Association's liability to the Co-owner shall be limited to the amount of insurance proceeds paid, and the Association shall in no event be responsible to pay any deductible amount under either the Association's or the Co-owner's policy. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best effort to see that all property casualty and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

Section 4. **Authority of Association to Settle insurance Claims.** Each Co-owner, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the Association's maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workers' compensation insurance, if applicable, pertinent to the Condominium, with such insurer as may, from time to time, provide such insurance for the Condominium. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owners and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 5. **Indemnification.** Each Co-owner shall indemnify and hold harmless the Association, its directors, officers, employees, agents and contractors for all damages and costs, including, without limitation, actual attorneys' fees (not limited to reasonable attorneys' fees) which they incur as the result of defending any claim, arising out of any occurrence on or within the Co-owner's Unit, or any Limited Common Element for which the Co-owner is assigned the responsibility to repair and/or replace, and, if so required by the Association, shall carry insurance to secure this indemnity. This Section shall not be construed to give an insurer a subrogation or other claim or right against any Co-owner.

ARTICLE V
RECONSTRUCTION OR REPAIR

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

(a) Partial Damage. In the event the damaged property is a Common Element or the dwelling constructed within the perimeter of a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is habitable, unless it is determined by at least eighty percent (80%) of the Co-owners entitled to vote as of the record date for such vote that the Condominium shall be terminated and at least sixty-six and two-thirds percent (66-2/2%) of those institutional holders of a first mortgage lien on any Unit in the Condominium have given their prior written approval for such termination.

(b) Total Destruction. In the event the Condominium is so damaged that no Unit is habitable, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless eighty percent (80%) or more of the Co-owners entitled to vote as of the record date for such vote agree to reconstruction by vote or in writing within ninety (90) days after the destruction and such termination also shall receive the approval of more than fifty percent (50%) of those holders of first mortgages on Units who have requested the Association to notify them of any proposed action that requires the consent of a specified percentage of first mortgagees.

Section 2. Repair in Accordance With Master Deed, Etc. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless the Co-owners shall unanimously decide otherwise.

Section 3. Co-owner Responsibilities; Interest in Proceeds of Association Insurance. Each Co-owner shall be solely responsible for the decoration, maintenance, reconstruction and repair of his Unit, including, but not limited to, the grounds, landscaping, dwelling (interior and exterior) and all other approved structures and improvements thereon, excepting only those, if any, which are General Common Elements. Co-owners shall be responsible for the removal of snow from drives and walks located on their Units as soon as possible after snowfall, subject to any additional snow removal regulations as may be established from time to time by the Board of Directors pursuant to Article VI, Section 11, below. In the event that a Co-owner fails or neglects to maintain the exterior components of his dwelling or any other structure or improvement located on his Unit in an aesthetic and/or harmonious manner as may from time to time be established by the Association in duly adopted regulations promulgated by the Board of Directors pursuant to its authority set forth in Article VI, Section 11, below, the Association shall be entitled to effect such maintenance to the dwelling, structure and/or improvement and to assess the Co-owner the costs thereof and to collect such costs as part of the assessments under Article II above.

In the event that damage is to the grounds, landscaping, dwelling, structure or any other improvement constructed within the perimeter of a Unit, for which it is the responsibility of a Co-owner to reconstruct, maintain, repair and replace, it shall be the responsibility of the

Co-owner to reconstruct, maintain, repair or replace the damaged grounds, landscaping, dwelling, structure or other improvement in accordance with this Article and in compliance with the architectural control provisions of Article VI, Section 3 below. If and to the extent that the grounds, landscaping, dwelling, structure or other improvement to the Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto and, if there is a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly. In the event of substantial damage to or destruction of any dwelling or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 4. Association Responsibility for Repair. Except as provided in Section 3 hereof, or as may be specifically otherwise provided in Article IV, Section 3 of the Master Deed, the Association shall be responsible for the decoration, maintenance, repair and reconstruction of the Common Elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Co-owners, except as may otherwise be permitted by these Bylaws, for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair, which may be collected in accordance with Article II above. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 5. Timely Reconstruction and Repair. If damage to any of the Common Elements, or to a dwelling, structure or other Unit improvement, adversely affects the appearance of the Condominium, the Association or Co-owner responsible or the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property without delay, and shall complete such replacement diligently and in any event within twelve (12) months after the date of the occurrence which caused damage to the property.

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

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

(b) Taking of Common Elements. If there is any taking of a portion of the Condominium which is not a Unit, the condemnation proceeds relative to such taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements, and the affirmative vote of more than fifty percent (50%) of the Co-owners entitled to vote as of the record date for such vote shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

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

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

Section 7. Mortgages Held By FHLMC; Other Institutional Holders. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), upon request therefor by FHLMC, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds Ten Thousand Dollars ($10,000.00) in amount or if damage to a Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds One Thousand Dollars ($1,000.00). The Association shall provide such other reasonable notice as may be required, from time to time, by other institutional holders of mortgages upon Units.

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

ARTICLE VI
ARCHITECTURAL CONTROL; BUILDING AND USE RESTRICTIONS

Section 1. Residential Use. No Unit in the Condominium shall be used for other than private residential purposes and the Common Elements shall only be used for purposes consistent with those set forth in this Section 1. No building of any kind shall be erected within a Unit except a private dwelling and structures ancillary thereto. Timesharing and/or interval ownership is

prohibited. No dwelling shall be used for commercial or business purposes; provided, however, that this shall not be deemed to ban a Co-owner from operating a home-based business which does not have any on-site employees other than Unit residents, does not produce odors, noises, or other effects noticeable outside of the Unit and does not involve the manufacture of goods or sale of goods from inventory. The provisions of this Section shall not be construed to prohibit a Co-owner from maintaining a personal professional library, keeping personal, professional or business records or handling personal business or professional telephone calls in his or her dwelling.

Section 2. Leasing and Rental.

(a) Right to Lease. A Co-owner may lease his Unit for the same purposes set forth in Section 1 of this Article; provided that a written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. Notwithstanding anything herein to the contrary, a Unit may not be leased if such lease would violate subsection (b) below. No Co-owner shall lease less than an entire Unit and no tenant shall be permitted to occupy except under a written lease, the initial term of which is at least twelve (12) months, unless specifically approved in writing by the Association. Such written lease shall: (i) require the lessee to comply with the Condominium Documents and rules and regulations of the Association; (ii) provide that failure to comply with the Condominium Documents and rules and regulations constitutes a default under the lease; and (iii) provide that the Board of Directors has the power to terminate the lease or to institute an action to evict the tenant and for money damages after fifteen (15) days prior written notice to the Unit Co-owner, in the event of a default by the tenant in the performance of the lease. The Board of Directors may suggest or require a standard form lease for use by Unit Co-owners. Each Co-owner of a Unit shall, promptly following the execution of any lease of a Unit, forward a conformed copy hereof to the Board of Directors. Under no circumstances shall transient tenants be accommodated. "Transient tenant" is someone who occupies a Unit for less than the minimum period required above regardless of whether or not compensation is paid. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. Tenants and non Co-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases, rental agreements, and occupancy agreements shall so state. The Developer and, if authorized to do so by the Developer, any Builder may lease any number of Units in the Condominium during the Development and Sales Period for such term(s) as they, in their discretion, may elect. In addition, the holder of any mortgage which comes into possession of a Unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed in lieu of foreclosure, may lease any number of Units in the Condominium for such term(s) as they, in their discretion. may elect.

(b) Leasing Procedures. A Co-owner, including the Developer or a Builder, desiring to rent or lease a Unit shall disclose that fact in writing to the Association at least ten (10) days

before presenting a lease form or otherwise agreeing to grant possession of a Condominium Unit to a potential lessee of the Unit and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. Co-owners who do not live in the Unit they own must keep the Association informed of their current correct address and phone number(s). If no lease form is to be used, then the Co-owner or the Developer shall supply the Association with the name and address of the potential lessee, along with the rental amount and due dates under the proposed agreement. The Board of Directors may charge such reasonable administrative fees for reviewing, approving, and monitoring lease transactions in accordance with this Section 2 as the Board, in its discretion, may establish. Any such administrative fees shall be assessed to and collected from the leasing Co-owner in the same manner as the collection of assessments under Article II above. This provision shall also apply to occupancy agreements.

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

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

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

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

(d) Arrearage in Condominium Assessments. When a Co-owner is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to a tenant or non Co-owner occupant occupying a Co-owner's Unit under a lease, rental or occupancy agreement and the tenant or non Co-owner occupant, after receiving the notice, shall deduct from rental payments due the owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions do not

constitute a breach of the rental agreement, lease or occupancy agreement by the tenant or non Co-owner occupant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following:

(1) Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.

(2) Initiate proceedings pursuant to subsection (c)(3) of this Section 2.

The form of lease used by any Co-owner shall explicitly contain the provisions of this subsection (d).

Section 3. Architectural Control and Dwelling Construction Regulations; Architectural Review Process. The Developer hereby establishes architectural control regulations, dwelling construction regulations and an architectural review process in order to ensure that Walnut Creek Estates @ Woodwind Condominium as harmoniously developed in a manner designed to maximize its aesthetic beauty and cause it to blend with the surrounding area. All dwellings in the Walnut Creek Estates @ Woodwind Condominium shall conform to the Architectural and General Site Design Guidelines, Exhibit P, of the PD Agreement. The architectural control regulations, dwelling construction regulations and architectural review process of this Section 3 are declared to be binding upon the Association, the Co-owners and all Builders of dwellings, structures and other improvements within the Project. In this Section 3, the term "Developer" shall always be deemed to refer to Walnut Creek Estates, LLC, a Michigan Limited Liability Company, unless otherwise specified herein or in a written instrument which has been recorded in the Oakland County Records and which expressly assigns the Developer's architectural control rights described in this Section. The authority granted to the Architectural Control Committee in this Section 3 shall be enforceable by the Developer, or by its successor or any such assigne e, as applicable, until certificates of occupancy have been issued for one hundred percent (100%) of the Units which may be built in the Project, regardless of whether another party has acquired the status of successor developer pursuant to the Act. The Developer may assign its responsibilities and powers under this Section 3 to the Association; and, thereafter, the Association shall have and may exercise all of the rights of the Developer described in this Section 3. No structure shall be erected, constructed or permitted to remain on any Unit unless the structure has been approved by the Developer in accordance with this Article and also complies with the remaining restrictions and requirements of this Article, unless any non-compliance has been waived pursuant to this Article. Furthermore, any construction or maintenance activities for or on any structure or Unit shall be performed strictly in accordance with the restrictions and requirements of this Article.

A. REVIEW PROCEDURE, REQUIREMENTS & ARCHITECTURAL APPROVALS.

1. The Developer intends that all structures on any Unit or otherwise within the Condominium shall be designed, developed and constructed so as to be harmonious, complimentary and dignified, so that the Condominium provides a

refined and exclusive environment of the highest architectural, construction and aesthetic standards. To assure such standards, the Developer hereby reserves the right to approve, disapprove and otherwise pass upon the design, appearance, construction or other attributes of any structure proposed to be erected or maintained on a Unit, and no structure shall be permitted or allowed with respect to a Unit unless the same has received in writing the approval of the Developer pursuant to the terms and conditions of this Article.

2. There shall be a two step submittal process for obtaining the approval of the Developer for any dwelling to be erected, constructed, maintained or rebuilt on any Unit or in any other part of the Condominium. The Developer's approval, in writing, of each of the submittals must be obtained before construction of any dwelling may be started. The Developer may in its discretion waive any required procedure to expedite the review procedure.

   (i) The first step shall be application for "Concept Architectural Approval". In connection with seeking Concept Approval, the Unit Owner or his or her representative shall submit the following:

      (a) a conceptual site plan showing the location of all proposed structures on the Unit

      (b) a conceptual floor plan

      (c) conceptual front and rear elevation drawings of the proposed dwelling, including a description of colors and types of exterior materials.

   Concept Approval shall be deemed to have been granted when the Developer has approved all of the foregoing submissions.

   (ii) The second step shall be application for "Final Architectural Approval." In connection with seeking Final Approval, the Unit Owner or his or her representative shall submit the following:

      (a) all prints, plans, and other matters submitted or required to be submitted to the Township to procure a building permit

      (b) a dimensioned site plan sealed by registered engineer showing setbacks, existing and proposed elevations

      (c) complete building plans sealed by a registered architect

      (d) a construction schedule specifying completion dates for foundations, rough-in, and the dwelling as a whole

      (e) a list of exterior materials and colors, including samples if not already submitted

(f) any other materials reasonably required by the Developer.

Final Approval shall be deemed to have been granted when the Developer has approved all of the foregoing submissions. No approval shall be effective unless given by the Developer in writing. If a dwelling or other improvement or any aspect or feature thereof is not in strict conformity with the requirements or restrictions set forth in this Article, the nonconformity shall be permitted only if the Developer specifically approves or waives the nonconformity in writing.

3. Complete written plans for any structure other than a dwelling shall be submitted to the Developer prior to installation or construction. Such plan shall contain sufficient detail to enable the Developer to pass upon its suitability for the Condominium.

4. A complete landscape plan must be submitted to the Developer prior to completion of the dwelling. Such plan shall contain sufficient detail to enable the Developer to pass upon its suitability for the Condominium and to determine if the proposed landscaping complies with the requirements set forth in Sub-Section (B.5) below and the approved Landscape Plans for the Woodwind PD. All unit landscape plans must comply with the approved Landscape Plans for the Woodwind PD. Any deviation there from must be approved by the Township.In addition, each Unit Owner shall be responsible for installation on their Unit of Street Trees 50 feet on center, in accordance with sheet 5 of the approved PD Landscape plan. Unit Owners shall also be responsible for any plantings in their Units which are required for compliance with the Township approved Replacement Tree Plan. Landscape plans submitted to the Developer for approval shall demonstrate compliance with this section. Utility boxes, including without limitation, electrical transformer boxes, must be adequately screened by landscaping. The transfer of the responsibility for street tree planting to the Unit Owner does nor relieve the Developer of his bonding responsibility as required by Section 8.a of the PD Agreement.

5. No alteration, modification, substitution or other change from the designs, plans, specifications and other submission matters which have been approved by the Developer shall be permitted on any Unit unless the Unit Owner thereof obtains the Developer's written approval for such change. So long as any such change is minimal, the Unit Owner need not go through the entire submittal process again, but in any event the Unit Owner must submit sufficient information (including materials samples and the like) as the Developer, in its sole discretion, determines is required to permit the Developer to, decide whether or not to approve the change, The Developer's approval of any change must be obtained irrespective of the fact that the need for the change arises for reasons beyond the Unit Owner's control (e.g., material shortages or the like).

6. In making any of the written submissions contemplated in this Article, the Unit Owner shall cause two copies thereof to be submitted to the Developer. One copy shall be returned to the Unit Owner after the Developer has approved or disapproved the submission, and one copy shall be retained by the Developer for its files.

7. As of the recording date of the Master Deed, Mr. Robert M. Harris or his agent shall be the party who evaluates and renders decisions on behalf of the Developer with respect to matters submitted to the Developer pursuant to these Bylaws. No approval, waiver of other action to be taken by the Developer shall be effective unless approved by Mr. Robert M. Harris or his agent. No Unit Owner may rely on any approvals, waivers or other decisions granted by any other person, including other employees of the Developer. No agent, employee, consultant, attorney or other representative or adviser of or to the Developer shall have any liability with respect to decisions made, actions taken or opinions rendered relative to matters submitted to the Developer under this Article.

8. The Developer reserves the right to assign, delegate or otherwise transfer its rights and powers of approval as provided in these Bylaws, including without limitation an assignment of such rights and powers to the Architectural Control Committee described below or to any mortgagee.

B. RESTRICTIONS AND REQUIREMENTS.

The following restrictions and requirements shall apply to every Unit in the Condominium, and no structure shall be erected, constructed or maintained on any Unit which violates such restrictions and requirements, except to the extent any non- conformity has been waived by the Developer pursuant to Section (f) below.

1. All exterior elevations shall be traditional in style. All homes shall be a minimum of 65 feet in width.

   Each ranch style dwelling (determined to be such by the Developer) must have a minimum livable floor area of Three Thousand (3,000) square feet; each bi-level style dwelling (determined to be such by the Developer) having a master bedroom on the first (1st) floor must have a minimum livable floor area of Three Thousand Five Hundred(3,500) square feet; and each colonial style dwelling must have a minimum livable floor area of Three Thousand Five Hundred (3,500) square feet. For purposes of this Section, garages, patios, decks, open porches, entrance porches, terraces, basements, lower levels, storage sheds and the like shall be excluded in determining the livable floor area, whether or not they are attached to the dwelling. Enclosed porches shall be included in determining the livable floor area only if the roof of the porch forms an integral part of the roof line of the main dwelling.

2. No structure shall be placed, erected, altered or located on any Unit nearer to the front, side or rear Unit line than is permitted by the ordinance of the Township at the time the same is erected. In addition, any dwelling or building shall meet the following setback requirements of the Developer which are stricter than those required by the Township:

   (i) A minimum of 50 feet from the Front Unit line;

   (ii) A minimum of 50 feet from the Rear Unit line; and

   (iii) A minimum of 20 feet from each Side Unit line and a total of 50 feet for both sides.

   In addition, each dwelling shall be oriented on the Unit to face the road on which it is located. The Developer shall have the right (but not any obligation) to permit dwellings to be orientated other than set forth above if, in its sole discretion, the grade, soil or other physical conditions or aesthetic reasons justify such a variance and such is permitted by the ordinances of the Township.

3. The front elevation of all dwelling shall have a minimum of 60% (by area) of brick, stone or other acceptable masonry materials. All side and rear elevations shall have brick, stone or other acceptable masonry materials from finish grade to the second floor or "belt line". No aluminum or vinyl siding may be used on any dwelling, building or other structure. No texture T-11 may be used on the exterior of any structure. No exterior brick may be painted without the prior written approval of the Developer. The Developer reserves the exclusive right to approved dwelling plans that may not meet the above criteria, but, in the opinion of the Developer, may meet the intent of these by-laws and provides an architectural design that is not only compatible with but may exceed the quality and character of the architectural design theme of Walnut Creek Estates.

4. All driveways shall be paved with concrete or brick pavers, and shall be completed prior to occupancy, or as soon as weather permits thereafter. No front entrance garages shall be erected or maintained, and all garages shall be a minimum of 3 car side entry and attached to the dwelling. The Developer shall have the sole and conclusive authority to determine what constitutes a front entrance garage.

5. Each Unit must be landscaped within the time limits set forth in Sub-Section C. (3) of this Article in accordance with a landscaping plan approved by the Developer. The reasonable value of the landscaping surrounding a dwelling, as reflected in the landscaping plan to be approved by the Developer shall be not less than twenty thousand ($ 20,000.00) dollars, excluding landscape architectural fees. The Developer shall have the right to determine the reasonable value of the proposed landscaping. **At the time of Final Architectural Approval from Developer, the Developer may, in its sole discretion, require the Unit Owner**

to post a Landscape Guarantee Bond in the amount of five thousand dollars ($5,000.00). This Landscape Bond shall be posted with the Developer and will be refunded to the Unit Owner upon completion of the landscaping in accordance with the approved landscape plan for the Unit.

6. Subject to any approvals and/or permits which may be required to be obtained from the Township, in ground swimming pools, hot tubs and spas may be installed in rear yard areas but only upon specific written approval of the Developer based upon plans and specifications therefore. Such approval shall not be unreasonably withheld but may be reasonably conditioned upon compliance with adequate screening and other aesthetic requirements. Above the ground swimming pools are prohibited.

7. No fence, wall or hedge of any kind shall be erected or maintained on any Unit without prior written approval of the Developer. No fence, wall or hedge shall be maintained or erected which blocks or hinders vision at street intersections. No chain link fences shall be permitted on any Unit - Notwithstanding the foregoing, a temporary fence, wall or hedge may be erected on a Unit on which a model dwelling is located provided that it is removed once the dwelling ceases to be used as a model dwelling.

8. No metal flues shall be installed or maintained for any purpose, including without limitation for fireplaces, furnaces, water heaters or stoves; provided, however, the Developer may approve metal flues for fireplaces only, at the rear of a dwelling, not visible from the street, and provided that such flue has either a face brick or dryvit material on the exterior surfaces of the chimney; under no circumstances will wood chimneys be allowed. Each dwelling shall have at least one masonry fireplace.

9. Prior to installation of an antenna or satellite dish (either is hereafter referred to as "antenna"), a Unit Owner must seek the written approval of the Developer, during the Development and Sales period, and the Association thereafter for the height and location of same as follows:

   (i) an antenna that is designed to receive direct broadcast satellite service, including direct-to-home satellite services, that is one meter or less in diameter; and

   (ii) an antenna that is designed to. receive video programming service via multipoint distribution services, instructional television fixed services, and local multipoint distribution services, and that is one meter or less in diameter or diagonal measurement; and

   (iii) an antenna that is designed to receive television broadcast signals. The Developer and Association may not, in the approval process, unreasonably delay or prevent installation, maintenance or use of antenna, unreasonably

increase the cost of installation, maintenance or use, or preclude reception of an acceptable quality signal. No antenna other than as described in this paragraph shall be allowed; and

(iv) notwithstanding the provisions of sub-paragraphs (i), (ii), and (iii) above, the following three (3) types and sizes of antennas may be installed within the perimeter of the Unit or on Limited Common Element areas over which the Co-owner has direct or indirect ownership and exclusive use or control, subject to the provisions of this Section and any written rules and regulations promulgated by the Board of Directors of the Association under Article VI, Section 11 below: (1) Direct broadcast satellite antennas ("Satellite Dishes") one meter or less in diameter; (2) Television broadcast antennas of any size; and (3) Multi-point distribution service antennas (sometimes called wireless cable or MDS antennas) one meter or less in diameter. Antenna installation on General Common Element areas is prohibited, unless established by the Association in its sole discretion as provided below. The rules and regulations promulgated by the Board of Directors governing installation, maintenance or use of antennas shall not impair reception of an acceptable quality signal, unreasonably prevent or delay installation, maintenance or use of an antenna, or unreasonably increase the cost of installing, maintaining or using an antenna. Such rules and regulations may provide for, among other things, placement preferences, screening and camouflaging or painting of antennas. Such rules and regulations may contain exceptions or provisions related to safety, provided that the safety rationale is clearly articulated therein. Antenna masts, if any, may be no higher than necessary to receive acceptable quality signals, and may not extend more than twelve (12) feet above the roof line without pre-approval, due to safety concerns. A Co-owner desiring to install an antenna must notify the Association prior to installation by submitting a notice in the form prescribed by the Association. If the proposed installation complies with this sub-paragraph and all rules and regulations regarding installation and placement of antennas, installation may begin immediately; if the installation will not comply, or is in any way not routine in accordance with this Section and the rules and regulations, then the Association and Co-owner shall meet promptly after receipt of the notice by the Association, if possible, to discuss the installation. The Association may prohibit Co-owners from installing the aforementioned satellite dishes and/or antennas if the Association provides the Co-owner(s) with access to a central antenna facility that does not impair the viewers' rights under Section 207 of the Federal Communication Commission ("FCC") rules. This Section is intended to comply with the rule governing antennas adopted by the FCC effective October 14, 1996, as amended by FCC Orders released

September 25, 1998 and November 20, 1998, and is subject to review and revision to conform to any changes in the content of the FCC rules or the Telecommunications Act of 1996, and this Section may be modified through rules and regulations promulgated by the Board of Directors pursuant to Section 11 of this Article.

10. Dog kennels or runs or other enclosed shelters for permitted animals must be an integral part of the approved dwelling and must be approved by the Developer and the Township relative to the location and design of fencing or other Structures. Any such kennel or run must be kept in a clean and sanitary condition at all times. The location, design and materials of all fences shall be subject to prior approval by the Developer and thereafter by the Architectural Control Committee.

11. No single-level flat roofs shall be permitted on the entire main body of any dwelling or other structure. Flat roofs may be installed over Florida rooms, porches or patios, and tasteful flat roofs may be installed on multiple levels of a dwelling, but only if approved by the Developer. The minimum pitch of any roof shall be 7/12 (vertical/horizontal). All roofs shall have, at a minimum, 25 year dimensional shingles.

12. Basketball hoops or backboards may be permitted with the prior written approval of the Developer and only in the back or side of a dwelling or garage, and then only if appropriately screened by landscaping or otherwise so as not to be visible from the road.

13. No signs, including "for rent", "for sale", architect, builder, contractor, landscaper, landscape architect or other signs shall be erected or maintained on any Unit without the approval of the Developer

14. No external air conditioning unit shall be placed in or attached to a window or wall of any structure. No compressor or other component of an air conditioning system, heat pump, or similar system shall be visible from the road. To the extent reasonably possible external components of an air conditioning system, heat pump or like system shall be located so as to minimize any disruption or negative impact thereof on adjoining Units in the Condominium in terms of noise or view. The Developer shall have conclusive authority to determine whether a system complies with the foregoing requirements.

15. The Developer shall select and approve the cluster mailbox stands Any and all replacement mailboxes must substantially conform to the originally approved mailbox.

16. No awnings or flag poles may be installed without the prior written consent of the Developer.

17. Volleyball courts, basketball courts, tennis courts, play structures and/or playground equipment are expressly prohibited.

18. **Water Softeners and conditioning systems are permitted, however, the use of sodium chloride in softening and conditioning system is strictly prohibited herein, and by Township ordinance. The use of potassium chloride is permitted. Additionally, and without exception, water softener backwash discharge cannot be connected to the sanitary sewer system.**

C. CONSTRUCTION ACTIVITIES.

The Developer hereby reserves the right to establish and enforce such rules and regulations relative to the performance of construction activities within the Condominium (whether or not in connection with the construction, repair or maintenance of a residential or other structure) as the Developer determines to be appropriate in order to maintain the tranquility, appearance and desirability of the Condominium. Unless waived by the Developer in writing, the following restrictions and requirements shall apply to any construction activities within the Condominium:

1. All construction activities must be started within twelve (12) months of the time specified in the construction schedule submitted to and approved by the Developer pursuant to Sub-Section A.(2)(ii))(d) of this Article

2. Once commenced, all construction activity shall be carried out with reasonable diligence, and must be completed within eighteen (18) months after such commencement. Completion of construction shall be defined by the issuance of a TCO or CO by the Building Official.

3. All landscaping must be completed as soon as possible but, in any event, within one hundred twenty (120) days after initial occupancy of the dwelling or, in the case of speculative or unsold homes, within one hundred eighty (180) days after the exterior of the dwelling has been substantially completed.

4. All Unit Owners and/or his general contractor or builder shall comply with the following requirements during the construction of any dwelling unit:

   (a) maintain a dumpster or other form of trash receptacle on the Unit during the course of construction;

   (b) keep the Unit exterior in a sightly and clean condition during the course of construction;

   (c) install and maintain temporary soil erosion control measures along the entire perimeter of the Unit. This shall include soil erosion control silt fence and temporary a stone access drive.

   (d) keep all dirt, mud and other debris from accumulating on any road during and after construction, including by cleaning or sweeping the road at

intervals specified by the Developer and by cleaning the road again upon completion of construction. The Developer shall have the authority to determine whether or not a Unit Owner and/or his general contractor or builder is in compliance with the foregoing requirements and obligations.

(e) protect all site improvements, such as: underground utilities, roadways, curbing, manholes, landscaping, or any other subdivision improvements and all property (including adjacent lots and common areas) against damage or injury. If any such damage or injury occurs as the result of the actions of the Unit Owner and/or his general contractor or builder, then such damage shall be immediately repaired at the sole responsibility and liability of the Unit Owner.

At the time of Final Architectural Approval, the Developer may, in its sole discretion, require the Unit Owner to post a Construction Guarantee Bond in the amount of five thousand dollars ($5,000.00). This Construction Bond shall be posted with the Developer and will be refunded to the owner upon completion of the dwelling construction and issuance of a Certificate of Occupancy from the local Building Official.

In the event that the owner, general contractor or builder fails to observe or perform any responsibility or obligation under this Section or under any agreement called for in this Section, the Developer shall have the right (but not any obligation) to enter upon the Unit and correct or rectify such failure, including by installing or relocating a dumpster, disposing of debris and sweeping or otherwise cleaning the road. The Developer shall be entitled to be reimbursed by the Unit Owner and the general contractor or builder for all costs incurred by the Developer in connection with correcting or rectifying such failure, which reimbursement may be deducted from the aforementioned deposit or may be billed by the Developer to the Unit Owner, which bill shall be payable by the Unit Owner within five (5) days after the submission thereof.

D. STANDARD FOR DEVELOPER'S APPROVALS: EXCULPATION FROM LIABILITY.

1. In reviewing and passing upon the plans, drawings, specifications, submissions and other matters to be approved or waived by the Developer under this Article, the Developer intends to ensure that the structures meet the requirements set forth in this Article; however, the Developer reserves the right to waive or modify such restrictions or requirements pursuant to sub-section (E) below (f) In no event shall a waiver or other grant of relief by the Developer as to one Unit entitle any other Unit Owner to a waiver or other relief, whether or not the waiver or relief sought is similar to the waiver or relief granted the other Unit Owner.

2. In addition to ensuring that all structures comply with the requirements and restrictions of this Article, the Developer (or Architectural Control Committee, to the extent approval powers are assigned to it by the Developer) shall have the right to base its approval or disapproval of any plans, designs, specifications, submissions or other matters on such other factors, including completely aesthetic

considerations, as the Developer (or the Architectural Control Committee) in its sole discretion may determine appropriate or pertinent. The Developer currently intends to take into account the preservation of trees and of the natural setting of the Condominium in passing upon plans, designs, drawings, specifications and other submissions. Except as otherwise expressly provided herein, the Developer or the Architectural Control Committee, as the case may be, shall be deemed to have the broadest discretion in determining what dwellings, fences, walls, hedges, or other structures will enhance the aesthetic beauty and desirability of the Condominium, or otherwise further or be consistent with the purpose for any restrictions.

3. In no event shall either the Developer (or the agents, officers, employees or consultants thereof) or any member of the Architectural Control Committee have any liability whatsoever to anyone for any act or omission contemplated herein, including without limitation the approval or disapproval of plans, drawings, specifications, elevations or the dwellings, fences, walls, hedges or other structures subject hereto, whether such alleged liability is based on negligence, tort, express or implied contract, fiduciary duty or otherwise- By way of example, neither the Developer nor any member of the Architectural Control Committee shall have liability to anyone for approval of plans, specifications, structures or the like which are not in conformity with the provisions of this Declaration, or for disapproving plans, specifications, structures or the like which arguably are in conformity with the provisions hereof. In no event shall any party have the right to impose liability on, or otherwise contest judicially, the Developer or any other person for any decision of the Developer (or alleged failure of the Developer to make a decision) relative to the approval or disapproval of a structure or any aspect or other matter which the Developer reserves the right to approve or waive under these Bylaws.

4. The approval of the Developer (or the Architectural Control Committee, as the case may be) of a structure or other matter shall not be construed as a representation or warranty that the structure or matter is properly designed or that it is in conformity with the ordinances or other requirements of the Township or any other governmental authority Any obligation or duty to ascertain any such non-conformities, or to advise the owner or any other person of the same (even if known), is hereby disclaimed.

E. ARCHITECTURAL CONTROL COMMITTEE.

1. At such time as all of the Units in the Condominium are sold by the Developer and dwellings are erected thereon, or at such earlier time as the Developer in its sole discretion may elect, the Developer may assign, transfer and delegate to an Architectural Control Committee all or any of the Developer's rights to approve, waive or refuse to approve plans, specifications, drawings, elevations,

submissions or other matters with respect to the construction or location of any Structure on any Unit or any other matter which the Developer may approve or waive as provided above. Any such assignment, transfer or delegation must be in writing. Thereafter, the Architectural Control Committee shall exercise all of the authority and discretion granted to the Developer in this Article, relative to approving, waiving or disapproving such matters, to the extent assigned, transferred or delegated by the Developer, and the Developer shall have no further responsibilities with respect to such matters.

2. The Architectural Control Committee shall be comprised of up to three (3) members to be appointed by the Developer. The Developer also may transfer its right to designate the members of the Architectural Control Committee to the Association. Unit in such event, the Developer reserves the right to appoint and remove members of the Architectural Control Committee in its sole discretion.

3. At the time any Unit Owner submits plans or other documents for approval pursuant to the foregoing provisions of this Article, the Unit Owner shall pay the Developer, or the Association if the Developer has assigned to the Architectural Control Committee its rights of review and approval, the sum of three hundred fifty ($350.00) dollars, which the Developer or the Association as the case may be, shall retain as a fee for the costs of architectural control activities.

F. CONTRACTOR REGULATIONS.

No Co-owner shall contract with any builder or contractor, other than a Builder, to construct any dwelling or Unit major structure or improvement. All builders must adhere to the requirements of this sub-section G. in order to establish, or maintain. Their approval status:

1. **Builder Information.** A builder/contractor shall furnish the Architectural Control Committee the following information: (1) a copy of the builder/contractor's residential builder's license; and (2) a certificate of insurance which shall be satisfactory to the Architectural Control Committee in all respects and provide that any cancellation or substance modification of coverage shall not be effective without thirty (30) days prior written notice to the Co-owner and the Architectural Control Committee.

2. **Pre-construction Certificate of Compliance.** Prior to the commencing any construction or improvement within a Unit, the Builder shall supply the Architectural Control Committee with: (1) a certification by a duly licensed civil engineer or land surveyor that the proposed improvements are to be properly located and are in accordance with the Plans previously approved by the Architectural Control Committee; and (2) copies of all required building and other permits and approvals.

3. **Accountability.** The Builder shall designate a construction superintendent at the start of construction who will be responsible for supervising adherence to the

Construction Regulations set forth herein below and all other applicable provisions of the Condominium Documents.

Section 4. **Activities.** No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, Limited or General, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: any activity involving the use of firearms, air rifles, pellet guns, b-b guns, bows and arrows, sling shots, illegal fireworks, or other similar dangerous weapons, projectiles or devices. No water well shall be drilled, maintained or for any purpose used in the Condominium.

Section 5. **Pets.** No reptiles and no animals, including household pets, shall be maintained by any Co-owner unless specifically approved in writing by the Association, except that a Co-owner may maintain two (2) domesticated dogs or cats, or one (1) of each, on his Unit. No animal may be kept or bred for any commercial purpose. Any animal shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No doghouses or tethering of animals shall be permitted on the Common Elements, Limited or General. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended in person by some responsible person while on the Common Elements, Limited or General. The Board of Directors may, in its discretion, designate certain portions of the General Common Elements of the Project wherein such animals may be walked and/or exercised and the Board of Directors may, in its discretion, designate certain portions of the General Common Elements of the Condominium wherein dog runs may be constructed. Nothing herein contained shall be construed to require the Board of Directors to so designate a portion of the General Common Elements for the walking and/or exercising of animals and/or for the construction of dog runs. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability (including costs and attorney fees) which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor, and the Association may assess and collect from the responsible Co-owner such losses and/or damages in the manner provided in Article II hereof. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No dog that barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary

to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. The Association may, after notice and hearing, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section or by any applicable rules and regulations of the Association, although such hearing shall not be a condition precedent to the institution of legal proceedings to remove said animal. The Association may also assess fines for such violation of the restrictions imposed by this Section or by any applicable rules and regulations of the Association. The term 'animal' or "pet' as used in this Section 5 shall not include small, domesticated animals, such as small birds or fish, which are constantly caged.

Section 6. **Aesthetics.** In general, no activity shall be carried on nor condition maintained by the Co-owner either in his Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium. The Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage. No unsightly condition shall be maintained on any Unit or Limited Common Element, and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use, except as may be provided in rules and regulations of the Association. Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. There shall be no outdoor cooking or barbecues on the Common Elements except in areas designated therefor by the Board of Directors. Nothing herein contained shall be construed to require the Board of Directors to so designate an area for outdoor cooking or barbecues.

Section 7. **Common Element Maintenance.** Common Element sidewalks shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, or benches may be left unattended on or about the Common Elements, except as may be provided by duly adopted rules and regulations of the Condominium. Use of any amenities in the Condominium may be limited to such times and in such manner as the Association shall determine by duly adopted regulations; provided, however, that use of any amenities in the Condominium shall be limited to resident Co-owners who are members in good standing of the Association and to the tenants, land contract purchasers and/or other non Co-owner occupants of Condominium Units in which the Co-owner does not reside; provided, further, however, that the nonresident Co-owners of such Condominium Units are members in good standing of the Association.

Section 8. **Vehicles.** No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, mobile homes, dune buggies, motor homes, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles, motorcycles, vehicles and trucks which are designed and used primarily for personal transportation purposes, may be parked or stored upon the premises of the Condominium, unless enclosed in the Co-owner's garage with the door closed or in such other area as may be specifically approved by the Association or parked in an area specifically designated therefor by the Association. Nothing herein contained shall be construed to require the Association to approve the parking or storage of such vehicles or to designate an area therefor. The Association shall not be responsible for any damages, costs or other liability arising from any failure to approve the parking or storage of such vehicles or to designate an area therefor. A Co-owner may not maintain more than three (3) vehicles upon the Condominium Premises unless the Board of Directors specifically approves in writing otherwise. Co-owners must park their vehicles in the garage and in their driveway, only, unless the Board of Directors has specifically approved otherwise in writing and/or as may otherwise be set forth in rules and regulations promulgated pursuant to Article VI, Section 11 hereof. Garage doors shall be kept closed when not in use. Any non-assigned parking areas shall be reserved for the general use of the members and their guests. Commercial vehicles and trucks (except trucks designed and used primarily for personal transportation as herein provided) shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pick-ups in the normal course of business. For purposes of this Section, "commercial vehicle" means any vehicle that has any one of the following characteristics: (a) more than two (2) axles; (b) gross vehicle weight rating in excess of 10,000 pounds; (c) visibly equipped with or carrying equipment or materials used in a business; or (d) carrying a sign advertising or identifying a business. Noncommercial trucks such as Suburbans, Blazers, Bravadas, Jeeps, GMC's, Jimmys, pickups, vans, and similar vehicles that are designed and used primarily for personal transportation shall be permissible, except as may be otherwise prohibited herein. Non-operational vehicles or vehicles with expired license plates shall not be parked or stored on the Condominium Premises without the written permission of the Board of Directors. Non-emergency maintenance or repair of motor vehicles shall not be permitted on the Condominium Premises. The Association may cause vehicles parked or stored in violation of this Section to be removed from the Condominium Premises and the cost of such removal may be assessed to and collected from the Co-owner of the Unit responsible for the presence of the vehicle in the manner provided in Article II hereof without liability to the Association. Co-owners shall, if the Association shall require, register with the Association all vehicles maintained on the Condominium Premises. The Board of Directors may promulgate reasonable rules and regulations governing the parking of vehicles in the Condominium consistent with the provisions hereof.

Section 9. **Draperies and Curtains.** All window treatments, draperies and/or curtains installed in windows in the Condominium shall have neutral liners so as to maintain a uniform appearance when viewed from the exteriors of the Units.

Section 10. **Advertising.** No signs or other advertising devices shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs and "Open" signs, without written permission from the Association and, during the Development, Construction and Sales Period, from the Developer.

Section 11. **Regulations.** Reasonable rules and regulations consistent with the Act, the Master Deed and these Bylaws concerning the use and operation of the Condominium may be made and amended from time to time by the Association's Board of Directors, including the First Board of Directors (or its successors appointed by the Developer prior to the First Annual Meeting of the Association held as provided in Article X, Section 2 of these Bylaws). Copies of all rules and/or regulations and amendments thereto shall be furnished to all Co-owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each Co-owner. Any such rule or regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all Co-owners entitled to vote as of the record date for said vote, except that the Co-owners may not revoke any rule or regulation prior to the First Annual Meeting of the Association.

Section 12. **Right of Access of Association.** The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time. during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. This right of access shall include, without any implication of limitation, the right of the Association to obtain access during reasonable hours and upon reasonable notice to any Unit or its appurtenant Limited Common Elements for monitoring, inspection, maintenance, repair or replacement thereof. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit and/or to protect the safety and/or welfare of the inhabitants of the Condominium. It shall be the responsibility of each Co-owner to provide the Association means of access to his Unit and any Limited Common Elements appurtenant thereto during all periods of absence and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances, including without notice, and shall not be liable to such Co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access. In the event that it is necessary for the Association to gain access to a Unit or the contents of same or Limited Common Elements appurtenant to same which are under the control or possession of the Co-owner to make repairs to prevent damage to the Common Element or to another Unit or to protect the safety and welfare of the inhabitants of the Condominium, the costs, expenses, damages, and/or attorney fees incurred by the Association in such undertaking shall be assessed to the responsible Co-owner and collected in the same manner as provided in Article II of these Bylaws.

Section 13. **Landscaping.** No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements unless

approved by the Association in writing, or as may be provided in rules and regulations governing same as may be promulgated by the Board of Directors from time to time, subject to the written approval of the Developer as required in Section 16 below.

Section 14. Disposition of Interest in Unit by Sale or Lease. No Co-owner may dispose of a Unit, or any interest therein, by a sale or lease without complying with the following terms or conditions:

(a) Notice to Association; Co-owner to Provide Condominium Documents to Purchaser or Tenant. A Co-owner intending to make a sale or lease of a Unit in the Condominium, or any interest therein, shall give written notice of such intention delivered to the Association at the registered office and shall furnish the name and address of the intended purchaser or lessee and such other information as the Association may reasonably require. Prior to the sale or lease of a Unit, the selling or leasing Co-owner shall provide a copy of the Condominium Master Deed (including Exhibits "A", "B" and "C" thereto) and any amendments to the Master Deed, the Articles of Incorporation and any amendment thereto, and the rules and regulations, as amended, if any, to the proposed purchaser or lessee. In the event a Co-owner shall fail to notify the Association of the proposed sale or lease or in the event a Co-owner shall fail to provide the prospective purchaser or lessee with a copy of the Master Deed and other documents referred to above, such Co-owner shall be liable for all costs and expenses, including attorney fees, that may be incurred by the Association as a result thereof or by reason of any noncompliance of such purchaser or lessee with the terms, provisions and restrictions set forth in the Master Deed; provided, however, that this provision shall not be construed so as to relieve the purchaser or lessee of his obligations to comply with the provisions of the Condominium Documents.

(b) Developer and Mortgagees not Subject to Section. The Developer shall not be subject to this Section 14 in the sale or, except to the extent provided in Article VI, Section 2(b), the lease of any Unit in the Condominium which it owns, nor shall the holder of any mortgage which comes into possession of a Unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed in lieu of foreclosure, be subject to the provisions of this Section 14.

Section 15. Co-owner Responsibilities for Due Care and Maintenance. Each Co-owner shall use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, air conditioning compressors, cable or satellite television, electrical or other utility conduits and systems and any other elements which are appurtenant to or which may affect any other Unit. Additionally, each Co-owner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition and in accordance with any insurance risk management policies from time to time adopted by the Board of Directors in accordance with Article VI, Section 11 of these Bylaws. In the event that a Co-owner fails to properly maintain, repair or replace any portion of the Condominium Premises for which he or she is assigned by the

Condominium Documents the responsibility for maintenance, repair and/or replacement, in addition to any other remedy which it may have under these Bylaws, the Association may perform any such maintenance, repair and replacement following the giving of three (3) days written notice thereof to the responsible Co-owner of its intent to do so (except in the case of an emergency repair with which the Association may proceed without prior notice). The Association may assess the costs thereof to the Co-owner of the Unit as provided in Section 19 below. The aforestated right of the Association to perform such maintenance, repair and replacement shall not be deemed an obligation of the Association, but, rather, is in the sole discretion of the Board of Directors. The Co-owners shall have the responsibility to report to the Association any Common Element which has been damaged or which is otherwise in need of maintenance, repair or replacement.

Notwithstanding any other provision of the Condominium Documents, each Co-owner shall be responsible for all damages or costs incurred by the Association for the repair or replacement of Common Elements, or by any other Co-owner(s) for the repair or replacement of any Unit or Limited Common Element, as the case may be, which results from: (a) any negligent or intentional action or omission by the Co-owner, his land contract purchaser or his tenant, or by the family, servants, employees, agents, visitors, licensees, or household pets of the Co-owner, land contract purchaser or tenant; or (b) any failure of, or any Co-owner failure to maintain, any portion of the Condominium Premises for which the Co-owner is assigned by the Condominium Documents the responsibility to maintain, repair and replace, regardless whether the damage or cost resulted from any Co-owner negligent or intentional action or omission; provided, in either such case, that there shall be no such responsibility (unless full reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount) if and to the extent that such damages or costs are covered by insurance carried by the Association. Each Co-owner shall indemnify and hold harmless the Association and every other Co-owner against such damages and costs, including actual attorneys' fees (not limited to reasonable attorneys' fees), and all such costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 16. Reserved Rights of Developer. During the Development, Construction and Sales Period, no buildings, fences, decks, wood privacy screens, patios, walls, walks or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be mace (including in color or design), except interior alterations which do not affect structural elements of any Unit. nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, material, color, scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with Developer. Developer shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its

opinion for aesthetic or other reasons; and in passing upon such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure. improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole, who will be requested to bear the maintenance, repair and/or replacement responsibility for same and any adjoining processes under development or proposed to be developed by the Developer. The purpose of this Section is to assure the continued maintenance of the Condominium as an attractive and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners.

Section 17. Developer and Builder Rights to Furtherance of Development and Sale. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer or any Builder during the Development, Construction and Sales Period, or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, the Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Condominium as may be reasonable to enable development and sale of the entire Condominium by Developer and/or the development, sale or lease of other off-site property by Developer or its affiliates, and Developer may continue to do so during the entire Development, Construction and Sales Period and the warranty period applicable to any Unit in the Condominium. The Developer reserves the right to assign the rights of the Developer described in the preceding sentence, in whole or in part, to any Builder(s). The Developer shall restore the area so utilized to habitable status upon termination of use.

Section 18. Enforcement of Bylaws. The Condominium shall at all times be maintained in a manner consistent with the highest standards of an attractive, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements, and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right, but not the obligation, to enforce these Bylaws throughout the Development, Construction and Sales Period notwithstanding that it may no longer own a Unit in the Condominium, which right of enforcement may include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws. Unless the Developer has given its written consent, the failure or delay of the Developer to enforce these Bylaws shall not constitute a waiver of the right of the Developer to enforce the Bylaws in the future. The provisions of this Section 18 shall not be construed to be a warranty or representation of any kind regarding the physical condition of the Condominium.

Section 19. Assessment of Costs of Enforcement. Any and all costs, damages, expenses and/or attorneys fees incurred by the Association, or the Developer, as the case may be, in

enforcing any of the restrictions set forth in this Article VI and/or rules and regulations promulgated by the Board of Directors of the Association under Article VI, Section 11 of these Bylaws, and any costs, expenses, and attorneys' fees incurred in collecting said costs, damages, and any expenses incurred as a result of the conduct of less than all those entitled to occupy the Condominium Project, or by their licensees or invitees, may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 20.Wetlands Provisions. Prospective purchasers should be aware that some units within Walnut Creek Estates include regulated wetlands, as shown on the Condominium Subdivision Plan. Prospective purchasers shall be required, if applicable, to acknowledge in writing the presence of wetlands on the unit or site they are purchasing.

Section 21. Water Softeners and conditioning systems are permitted, however, the use of sodium chloride in softening and conditioning system is strictly prohibited herein, and by Township ordinance. The use of potassium chloride is permitted. **Additionally, and without exception, water softener backwash discharge cannot be connected to the sanitary sewer system.**

ARTICLE VII
JUDICIAL ACTIONS AND CLAIMS

Actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association and these Bylaws, the commencement of any civil action (other than one to enforce these Bylaws or collect delinquent assessments) shall require the affirmative vote of sixty-six and two-thirds percent (66-2/3%), or more, in number and in value, of all Co-owners entitled to vote as of the record date for said vote and shall be governed by the requirements of this Article VII. The requirements of this Article VII will ensure that the Co-owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each Co-owner and the Developer shall have standing to sue to enforce the requirements of this Article VII. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these Bylaws or to collect delinquent assessments:

Section 1. **Board of Directors' Recommendation to Co-owners.** The Association's Board of Directors shall be responsible in the first instance for recommending to the Co-owners that a civil action be filed, and supervising and directing any civil actions that are filed.

Section 2. **Litigation Evaluation Meeting.** Before an attorney is engaged for purposes of filing a civil action on behalf of the Association, the Board of Directors shall call a special meeting of the Co-owners ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The written notice to the Co-owners of the date, time and place of the litigation evaluation meeting shall be sent to all Co-owners not less than twenty (20) days before the date of the meeting and shall include the following information copied onto 8-1/2" x 11" paper:

(a) A certified resolution of the Board of Directors setting forth in detail the concerns of the Board of Directors giving rise to the need to file a civil action and further certifying that:

(1) it is in the best interests of the Association to file a lawsuit;

(2) that at least one member of the Board of Directors has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the Association, without success;

(3) litigation is the only prudent, feasible and reasonable alternative;

(4) the 1Board of Directors proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative.

(b) A written summary of the relevant experience of the attorney ("litigation attorney") the Board of Directors recommends be retained to represent the Association in the proposed civil action, including the following information:

(1) the number of years the litigation attorney has practiced law; and

(2) the name and address of every condominium and homeowner association for which the attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.

(3) The litigation attorney's written estimate of the amount of the Association's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.

(c) The litigation attorney's written estimate of the cost of the civil action through a trial on the merits of the case ("total estimated cost"). The total estimated cost of the civil action shall include the litigation attorney's expected fees, court costs, expert witness fees and all other expenses expected to be incurred in the civil action.

(d) The litigation attorney's proposed written fee agreement.

(a) The amount to be specially assessed against each Unit in the Condominium to fund the estimated cost of the civil action both in total and on a monthly per Unit basis, as required by Section 6 of this Article VII.

(b) The litigation attorney's legal theories for recovery of the Association.

Section 3. Independent Expert Opinion. If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board of Directors shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the independent expert opinion required by the preceding sentence, the Board of Directors shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the litigation attorney or any other expert recommended by the litigation attorney or any other attorney with whom the Board of Directors consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the Co-owners have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all Co-owners with the written notice of the litigation evaluation meeting.

Section 4. Fee Agreement with Litigation Attorney. The Association shall have a written fee agreement with the litigation attorney and any other attorney retained to handle the proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the Co-owners in the text of the Association's written notice to Co-owners of the litigation evaluation meeting.

Section 5. Co-owner Vote Required. At the litigation evaluation meeting, the Co-owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney. The commencement of any civil action by the Association (other than a suit to enforce these Bylaws or collect delinquent assessments) and the retention of the litigation attorney shall require the affirmative vote of sixty-six and two-thirds percent (66-2/3%), or more, of all Co-owners entitled to vote as of the record date for said vote. In the event the litigation attorney is not approved, the entire litigation attorney evaluation and approval process set forth in Section 2 herein above and in this Section 5 shall be conducted prior to the retention of another attorney for this purpose. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting.

Section 6. Litigation Special Assessment. All legal fees incurred in pursuit of any civil action that is subject to this Article VII shall be paid by special assessment of the Co-owners ("litigation special assessment"). Notwithstanding anything to the contrary herein, the litigation special assessment in the amount of the estimated total cost of the civil action shall be approved

at the litigation evaluation meeting by sixty-six and two- thirds percent (66-2/3%), or more, of all Co-owners entitled to vote as of the record date for said vote. If the litigation attorney proposed by the Board of Directors is not retained, the litigation special assessment shall be in an amount equal to the estimated total cost of the civil action, as estimated by the attorney actually retained by the Association. The litigation special assessment shall be apportioned to the Co-owners in accordance with their respective percentage of value interests in the Condominium and shall be collected from the Co-owners on a monthly basis. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

Section 7. **Attorney's Written Report.** During the course of any civil action authorized by the Co-owners pursuant to this Article VII, the retained attorney shall submit a written report ("attorney's written report") to the Board of Directors every thirty (30) days setting forth:

(a) The attorney's fees, the fees of any experts retained by the attorney or the Association, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the attorney's written report ("reporting period").

(b) All actions taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period.

(c) A detailed description of all discussions with opposing counsel during the reporting period, written and oral, including, but not limited to, settlement discussions.

(d) The costs incurred in the civil action through the date of the written report, as compared to the attorney's estimated total cost of the civil action.

(e) Whether the originally estimated total cost of the civil action remains accurate.

Section 8. **Monthly Board Meetings.** The Board of Directors shall meet monthly during the course of any civil action to discuss and review the:

(a) status of the litigation;

(b) status of settlement efforts, if any; and

(c) attorney's written report.

Section 9. **Changes in the Litigation Special Assessment.** If, at any time during the course of a civil action, the Board of Directors determines that the originally estimated total cost of the civil action or any revision thereof is inaccurate, the Board of Directors shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the Co-owners, the Board of Directors shall call a special meeting of the Co-owners to review the status of the litigation, and to allow the Co-owners to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting.

Section 10. **Disclosure of Litigation Expenses.** The attorney's fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("litigation expenses") shall be fully disclosed to Co-owners in the Association's annual budget. The litigation expenses for each civil action filed by the Association shall be listed as a separate line item captioned 'litigation expenses' in the Association's annual budget.

Section 11. **Constructive Notice of Article.** These Bylaws, from and after their recording in the office of the Oakland County Register of Deeds, shall constitute constructive notice of the requirements and limitations of this Article VII to all Co-owners, mortgagees and other persons who subsequently acquire an interest in any Unit in the Condominium.

ARTICLE VIII
MORTGAGES

Section 1. **Notice to Association.** Any Co-owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association shall report any unpaid assessments due from the Co-owner of such Unit to the holder of any first mortgage covering such Unit and Co-owners shall be deemed to have specifically authorized said action pursuant to these Bylaws. The Association shall give to the holder of any first mortgage covering any Unit in the Condominium written notification of any other default in the performance of the obligations of the Co-owner of such Unit that is not cured within sixty (60) days.

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

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

ARTICLE IX
VOTING

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

Section 2. **Eligibility to Vote.** No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented a deed or other evidence of ownership of a Unit in the Condominium to the Association. No Co-owner, other than the Developer, shall be entitled to vote prior to the First Annual Meeting of members held in accordance with Article X, Section 2, except as specifically provided in Article X, Section 2. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article IX below or by a proxy given by such individual representative except as otherwise provided herein or in Article III, Section 4 above. The Developer shall be the only person entitled to vote at a meeting of the Association

until the First Annual Meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting, the Developer shall be entitled to vote for each Unit it owns.

Section 3. **Designation of Voting Representative.** Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association, sign petitions and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name, address and telephone number of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name, address and telephone number of each person, firm, corporation, limited liability partnership, limited liability company, partnership, association, trust, or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided, but the designation of a non Co-owner as a designated voting representative shall not entitle that non Co-owner to serve as an officer or director of the Association, unless otherwise permitted by these Bylaws.

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

Section 5. **Voting.** Votes may be cast in person or by proxy or by a written absentee ballot duly signed by the designated voting representative not present at a given meeting in person or by proxy, except as otherwise provided herein in Article III, Section 4, herein above. Proxies and any absentee ballots must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 5. **Majority.** A majority, except where otherwise provided herein, shall consist of more than fifty percent (50%) of those Co-owners entitled to vote as of the record date for said vote and present in person or by proxy (or absentee ballot, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, the requisite affirmative vote may be required to exceed the simple majority herein above set forth and may require a designated percentage of all Co-owners and may require that votes be cast in person.

ARTICLE X
MEETINGS

Section 1. **Place of Meeting.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-owners as may be

designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order, or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

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

Section 3. **Annual Meetings.** Annual meetings of members of the Association shall be held in the month of May in each succeeding year after the year in which the First Annual Meeting is held, on such date and at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by the Co-owners a Board of Directors in accordance with the requirements of Article XII of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. **Special Meetings.** It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors. The President shall also call a special meeting upon a petition signed by one-third (1/3) of the Co-owners presented to the Secretary of the Association, but only after the First Annual Meeting has been held or at the request of the Developer. A Co-owner must be eligible to vote at a meeting of members to validly sign a petition. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. **Notice of Meetings.** It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Co-owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting, except for the Litigation Evaluation Meeting which notice requirements are prescribed in Article VII, Section 2, above. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article IX, Section 3 of these Bylaws shall be deemed notice served. In lieu thereof, said notice may also

be hand delivered to a Unit if the Unit address is designated as the voting representative's address, and/or the Co-owner is a resident of the Unit. Electronic transmittal of such notice, such as facsimile, E-mail and the like, may be deemed notice served in the sole discretion of the Board so long as written or electronic confirmation of receipt of the notice is returned to and received by the Association from the designated voting representative. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 6. **Adjournment.** If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called to attempt to obtain a quorum.

Section 7. **Order of Business.** The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspector of elections (at annual meetings or special meetings held for the purpose of election of directors or officers); (g) election of directors (at annual meetings or special meetings held for such a purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary, and Treasurer.

Section 8. **Action Without Meeting.** Any action which may be taken at a meeting of the members of the Association (except for the election or removal of directors) may be taken without a meeting, with or without prior notice, by written consent of the members, except for litigation referenced in Article III and Article VII above. Written consents may be solicited in the same manner as provided in Section 4 above for the giving of notice of meetings of members. Such solicitation may specify the percentage of consents necessary to approve the action, and the time by which consents must be received in order to be counted. The form of written consents shall afford an opportunity to consent (in writing) to each matter and shall provide that, where the member specifies his or her consent, the vote shall be cast in accordance therewith. Approval by written consent shall be constituted by receipt within the time period specified in the solicitation of a number of written consents which equals or exceeds the minimum number of votes which would be required for approval if the action were taken at a meeting at which all members entitled to vote were present and voted.

Section 9. **Consent of Absentees.** The transactions of any meeting of members, either annual or special, except the litigation evaluation meeting discussed in Article VII above and the litigation approval discussed in Article III, Section 4 herein above, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy or by absentee ballot; and if, either before or after the meeting, each of the members not present in person or by proxy, or absentee ballot, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the

minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

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

ARTICLE XI
ADVISORY COMMITTEE

Within one (1) year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within one hundred twenty (120) days after conveyance to purchasers of one-third (1/3) of the Units, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-Developer Co-owners entitled to vote as of the record date for said vote. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if more than fifty percent (50%) of the non-Developer Co-owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the other Co-owners and to aid in the transition of control of the Association from the Developer to the Co-owners. A chairman of the Committee shall be selected by the members. The Advisory Committee shall cease to exist automatically when the non-Developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE XII
BOARD OF DIRECTORS

Section 1. Qualifications of Directors. The affairs of the Association shall be governed by a Board of Directors, all of whom must be members in good standing of the Association or officers, partners, trustees, employees or agents of non-person members of the Association (i.e., corporations, limited liability companies, partnerships, etc.) except for the first Board of Directors designated in the Articles of Incorporation of the Association and any successors thereto appointed by the Developer. "Good standing" shall be deemed to include a member who is current in all financial obligations owing to the Association and who is not in default of any of the provisions of the Condominium Documents. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) First Board of Directors. The first Board of Directors shall be comprised of one (1) person and such first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-Developer Co-owners to the Board. Immediately prior to the appointment of the first

non-Developer Co-owner to the Board, the Board shall be increased in size to five (5) persons. Thereafter, elections for non-Developer Co-owner directors shall be held as provided in subsections (b) and (c) below. The directors shall hold office until their successors are elected and hold their first meeting.

(b) **Appointment of Non-Developer Co-owners to Board Prior to First Annual Meeting.** Not later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-Developer Co-owners of twenty-five percent (25%) of the Units, one (1) of the five (5) directors shall be elected by non-Developer Co-owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of fifty percent (50%) of the Units, two (2) of the five (5) directors shall be elected by non-Developer Co-owners. When the required number of conveyances has been reached, the Developer shall notify the non-Developer Co-owners and request that they hold a meeting and elect the required director or directors, as the case may be. Upon certification by the Co-owners to the Developer of the director(s) so elected, the Developer immediately shall appoint such director(s) to the Board to serve until the First Annual Meeting of members, unless the director is removed pursuant to Section 7 of this Article, resigns or becomes incapacitated.

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

(i) Not later than one-hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of seventy five percent (75%) of the Units, the non-Developer Co-owners shall elect all directors on the Board, except that the Developer shall have the right to designate one (1) director as long as the Developer owns and offers for sale at least ten percent (10%) of the Units in the Condominium or as long as ten percent (10%) of the Units remain unsold. Whenever the required conveyance level is achieved, a meeting of Co-owners shall be properly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

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

(iii) If the calculation of the percentage of members of the Board of Directors that the non-Developer Co-owners have the right to elect under subsection (ii), or if the

product of the number of the members of the Board of Directors multiplied by the percentage of Units held by the non-Developer Co-owners under subsection (b) results in a right of non-Developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-Developer Co-owners have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one (1) director as provided in subsection (i).

(iv) Except as provided in Article XII, Section 2(c)(ii), at the First Annual Meeting, three (3) directors shall be elected for a term of two (2) years and two (2) directors shall be elected for a term of one (1) year. At such meeting, all nominees shall stand for election as one slate and the three (3) persons receiving the highest number of votes shall be elected for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either two (2) or three (3) directors shall be elected, depending upon the number of directors whose terms expire. After the First Annual Meeting, the term of office (except for two (2) directors elected at the First Annual Meeting) of each director shall be two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting.

(v) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect directors and conduct other business shall be held in accordance with the provisions of Article X, Section 3 hereof.

Section 3. **Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Co-owners.

Section 4. **Other Duties.** In addition to the foregoing duties imposed by these Bylaws or any further duties that may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

(a) To manage and to administer the affairs of, and to maintain, the Condominium and the Common Elements thereof.

(b) To levy and collect assessments against and from the Co-owner members of the Association and to use the proceeds thereof for the purposes of the Association.

(c) To carry insurance and to collect and to allocate the proceeds thereof.

(d) To rebuild improvements after casualty.

(e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium.

(f) To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) To grant easements, rights of entry, rights-of-way, and licenses to, through, over, and with respect to Association property and/or the Common Elements of the Condominium on behalf of the members of the Association in furtherance of any of the purposes of the Association and to dedicate to the public any portion of the Common Elements of the Condominium; provided, however, that, subject to the provisions of the Master Deed, any such action shall also be approved by the affirmative vote of more than sixty percent (60%) of all Co-owners entitled to vote as of the record date for said vote, unless such right is specifically reserved to the Developer as provided in Article X of the Master Deed in which event Co-owner approval shall not be required. The aforestated sixty percent (60%) approval requirement shall not apply to sub-paragraph (h) below.

(h) To grant such easements, licenses and other rights of entry, use and access, and to enter into any contract or agreement, including wiring agreements, utility agreements, right-of-way agreements, access agreements and multi-unit agreements, and to the extent allowed by law, contracts for sharing of any installation or periodic subscriber fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, antenna, multi-channel, multi-point distribution service and similar services (collectively, "Telecommunications") to the Condominium or any Unit therein. Notwithstanding the foregoing, in no event shall the Board of Directors enter into any contract or agreement or grant any easement, license or right of entry or do any other act or thing which would violate any provision of any federal, state or local law or ordinance. Any and all sums paid by any Telecommunications or any other company or entity in connection with such service, including fees, if any, for the privilege of installing same, or sharing periodic subscriber service fees, shall be receipts affecting the administration of the Condominium, within the meaning of the Act, except that same shall be paid over to and shall be the property of the Developer during the Development, Construction and Sales Period and, thereafter, the Association.

(i) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the Association and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by the affirmative vote of more than fifty percent (50%) of all Co-owners entitled to vote as of the record date for said vote, unless same is a letter of credit and/or appeal bond for litigation, or unless same is for a purchase of personal property with a value of Fifteen Thousand Dollars ($15,000.00), or less.

(j) To make and enforce reasonable rules and regulations in accordance with Article VI, Section 11 of these Bylaws and such other applicable provisions and to make and enforce resolutions and policies in furtherance of any or all of the purposes of the Association or of the Condominium Documents.

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

(l) To make rules and regulations and/or to enter into agreements with institutional lenders the purposes of which are to obtain mortgage financing for Unit Co-owners which is acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and/or any other agency of the Federal government or the State of Michigan or to satisfy the requirements of the United States Department of Housing and Urban Development.

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

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

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

Section 7. **Removal.** Except for directors appointed by the Developer, at any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one (1) or more of the directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) of all Co-owners entitled to vote as of the record date for said vote, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the directors appointed by it at any time or from time to time in its sole discretion. Any director elected by the non-Developer Co-owners to serve before the First Annual Meeting of members may be removed before the First Annual Meeting by the non-Developer Co-owners in the same manner set forth in this Section 7 above for removal of directors generally.

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

Section 9. **Regular Meetings.** Regular meetings of he Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Board of Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally, by mail, telephone or telegraph, at least five (5) days prior to the date named for such meeting. In lieu thereof, said notice may also be hand delivered or electronically transmitted, i.e., via facsimile, E-mail or the like, so long as written or electronic confirmation of receipt of the notice is returned by the director.

Section 10. **Special Meetings.** Special meetings of the Board of Directors may be called by the president upon three (3) days' notice to each director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. In lieu thereof, said notice may also be hand delivered or electronically transmitted, i.e. via facsimile, E-mail or the like, so long as written or electronic confirmation of receipt of the notice is returned by the director. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) directors.

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

Section 12. **Quorum.** At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors at a meeting at which a quorum is present shall be the acts of the Board of Directors. If,

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

Section 13. Closing of Board of Directors' Meetings to Members; Privileged Minutes. The Board of Directors, in its discretion, may close a portion or all of any meeting of the Board of Directors to the members of the Association or may permit members of the Association to attend a portion or all of any meeting of the Board of Directors. Any member of the Association shall have the right to inspect, and make copies of, the minutes of the meetings of the Board of Directors; provided, that no member of the Association shall be entitled to review or copy any minutes of meetings of the Board of Directors to the extent that said minutes reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, the common law, the Michigan Rules of Evidence or the Michigan Court Rules.

Section 14. Action by Written Consent. Any action which may be taken by the Board of Directors at a meeting of the Board shall be valid if consented to in writing by the requisite majority of the Board of Directors

Section 15. Actions of First Board of Directors Binding. All of the actions (including, without limitation, the adoption of these Bylaws and any rules and regulations, policies or resolutions for the Association, and any undertakings or contracts entered into with others on behalf of the Association) of the First Board of Directors of the Association named in its Articles of Incorporation or any successors thereto appointed by the Developer before the First Annual Meeting of members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association at the First Annual Meeting of members or at any subsequent annual meeting of members, provided that such actions are within the scope of the powers and duties which may be exercised by any Board of Directors as provided in the Condominium Documents.

Section 16. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be expenses of administration.

ARTICLE XIII
OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice-President, Secretary, and a Treasurer. Both the President and the Vice-President must be members of the Association; other officers may, but need not be, members of the Association. Any such members serving as officers shall be in good standing of the Association. The directors may appoint an Assistant Treasurer and an Assistant

Secretary and such other officers as in their judgment may be necessary. Any two (2) officers except that of President and Vice-President may be held by one (1) person. Officers shall be compensated only upon the affirmative vote of more than sixty percent (60%) of all Co-owners entitled to vote as of the record date of said vote.

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

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

Section 4. **President.** The President shall be the chief executive officer of the Association. The President shall preside and may vote at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as the President may in the President's discretion deem appropriate to assist in the conduct of the affairs of the Association.

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

Section 6. **Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; the Secretary shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; The Secretary shall, in general, perform all duties incident to the office of the Secretary.

Section 7. **Treasurer.** The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as the Board of Directors may, from time to time, designate.

Section 8. **Duties.** The officers shall have such other duties, powers and responsibilities as from time to time are authorized by the Board of Directors.

Article XIV

SEAL

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

ARTICLE XV
FINANCE

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

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

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

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

Section 1. **Indemnification of Directors and Officers.** Every director and every officer of the Association (including the First Board of Directors and any other director and/or officer of

the Association appointed by the Developer) shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement incurred by or imposed upon him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, including actions by or in the right of the Association, to which he may be a party or in which he may become involved by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Association (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Association shall notify all Co-owners thereof.

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

ARTICLE XVII
AMENDMENTS

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

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

Section 3. **Voting.** These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than sixty-six and two-thirds percent (66-2/3%) of all Co-owners entitled to vote as of the record date for such vote. During the Development, Construction and Sales Period, these Bylaws may not be amended in any manner so as to materially affect and/or impair the rights of the Developer,

unless said amendment has received the prior written consent of the Developer. Notwithstanding anything to the contrary, no amendment may be made to Article III, Section 4, and Article VII of these Bylaws at any time without the written consent of the Developer.

Section 4. **Mortgagee Approval.** Notwithstanding any other provision of the Condominium Documents to the contrary, mortgagees are entitled to vote on amendments to the Condominium Documents only when and as required by the Act, as amended. Moreover, insofar as permitted by the Act, these Bylaws shall be construed to reserve to the Developer during the Development, Construction and Sales Period, and to the Co-owners thereafter, the right to amend these Bylaws without the consent of mortgagees if the amendment does not materially alter or change the rights of mortgagees generally, or as may be otherwise described in the Act, notwithstanding that the subject matter of the amendment is one which in the absence of this sentence would require that mortgagees be afforded the opportunity to vote on the amendment. If, notwithstanding the preceding sentences, mortgagee approval of a proposed amendment to these Bylaws is required by the Act, the amendment shall require the approval of sixty-six and two-thirds percent (66-2/3%) of the mortgagees of Units entitled to vote thereon. Mortgagees are not required to appear at any meeting of Co-owners but their approval shall be solicited through written ballots in accordance with the procedures provided in the Act.

Section 5. **By Developer.** Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the rights of a Co-owner or mortgagee, including, but not limited to, amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective Co-owners and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and/or any other agency of the Federal government or the State of Michigan and to comply with amendments to the Act.

Section 6. **When Effective.** Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Oakland County Register of Deeds.

Section 7. **Binding.** A copy of each amendment to these Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVIII
COMPLIANCE

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

Documents conflict with the provisions of the Act, the Act shall govern. In the event the Condominium Documents conflict with the PD Agreement, PD Agreement shall govern. In the event any provision of these Bylaws conflicts with any provision of the Master Deed, the provisions of the Master Deed shall govern.

ARTICLE XIX
DEFINITIONS

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

ARTICLE XX
REMEDIES FOR DEFAULT

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

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

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

(c) Removal and Abatement. The violation of any of the provisions of the Condominium Documents, including the rules and regulations promulgated by the Board of Directors of the Association hereunder, shall also give the Association, or its duly authorized agents, the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents; provided, however, that judicial proceedings shall be instituted before items of

construction are altered or demolished pursuant to this subsection. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

(d) Assessment of Fines. The violation of any of the provisions of the Condominium Documents, including any of the rules and regulations promulgated by the Board of Directors of the Association hereunder, by any Co-owner, or his tenant or non Co-owner occupant of his Unit, in addition to the rights set forth above, shall be grounds for assessment by the Association of a monetary fine for such violation against said Co-owner. No fine may be assessed unless the rules and regulations establishing such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-owners in the same manner as prescribed in Article VI, Section 11 of these Bylaws. Thereafter, fines may be assessed only upon notice to the offending Co-owner and an opportunity for such Co-owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. Upon finding an alleged violation after an opportunity for hearing has been provided, the Board of Directors may levy a fine in such amount as it, in its discretion, deems appropriate, and/or as is set forth in the rules and regulations establishing the fine procedure. All fines duly assessed may be collected in the same manner as provided in Article II of these Bylaws.

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

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

Section 4. Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

Section 5. Article Not Applicable to Default by Developer. The term "Co-owner", when used in this Article XX with respect to the remedies of the Association and other Co-owners with respect to a Co-owner default, including, without limitation, any default under Article II herein above, shall be construed so as to exclude the Developer, and no such remedy shall be available

to the Association or any Co-owner with respect to any claim that the Developer is in default in the performance of any obligation of the Developer the performance of which is due during the Development, Construction and Sales Period.

ARTICLE XXI
RIGHTS RESERVED TO DEVELOPER

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

ARTICLE XXII
SEVERABILITY

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