

MEADOWBROOK

EXHIBIT A

BY-LAWS

ARTICLE I
ASSOCIATION OF CO-OWNERS

Meadowbrook, a residential Condominium Project located in the City of Milan, Washtenaw County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These By-Laws shall constitute both the By-Laws referred to in the Master Deed and required by Section 8 of the Act and the By-Laws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective Mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II
ASSESSMENTS

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

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

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

(a) Annual 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 Project, including a reasonable allowance for contingencies

and reserves. An adequate reserve fund for major repairs and replacements of those Common Elements which the Association is responsible for repairing and replacing under the Master Deed shall be established in the budget and must be funded by regular payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget on a noncumulative basis. The minimum standard required by this subsection may prove to be inadequate for a particular project. The Association of Co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time decide, 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 and management of the Condominium, (2) to provide repairs or replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding Five Thousand (\$5,000.00) Dollars annually for the entire Condominium Project, 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 assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without a Co-owner's consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof regarding the Association's responsibilities for repair and maintenance. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph 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 of the members thereof.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding Five Thousand (\$5,000.00) Dollars for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty (60%) percent of all Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, 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 VI 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. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners either in twelve (12) equal monthly installments or quarterly, semi-annually or annually in the discretion of the Board of Directors, subject to Section 7 below, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit (other than a vendee's interest pursuant to a land contract

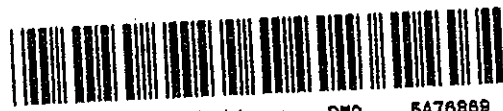


with the Developer), or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. A late fee of Twenty-Five (\$25.00) Dollars shall be imposed on each installment which is in default for ten (10) or more days. In addition, each installment in default for ten or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) per annum until such installment is paid in full. The Association may increase or assess such other reasonable automatic late charges or may, pursuant to Article XIX hereof, levy additional fines for late payment of assessments as the Association deems necessary from time to time. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner other than Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 5. Liens. Sums assessed to a Co-owner by the Association that are unpaid, together with interest on such sums, collection and late charges, advances made by the Association for taxes or other liens to protect its lien, attorney fees, and fines in accordance with the Condominium Documents, constitute a lien upon the Unit or Units in the Condominium Project owned by the Co-owner at the time of the assessment before all other liens except tax liens on the Unit in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record, except that past due assessments that are evidenced by a notice of lien, recorded as set forth in Section 6 below, have priority over a first mortgage recorded subsequent to recording of the notice of lien. The lien upon each Unit owned by the Co-owner shall be in the amount assessed against the Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Units no longer owned by the Co-owner but which became due while the Co-Owner had title to the Units.

Section 6. Enforcement.



(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. An action for money damages and foreclosure may be combined in one action. An action to recover money judgments for unpaid assessments may be maintained without foreclosing or waiving the lien. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of 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 Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him, and may be empowered to take possession of the Unit if not occupied by the Co-owner and to lease the Unit and to collect and apply the rental therefrom. The Association may also assess fines for late payment or nonpayment of assessments in accordance with the provisions of Article XIX of these By-Laws. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The 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, provided, however, that notwithstanding the foregoing, the Association shall be entitled to reasonable interest, expenses, costs and attorney's fees for foreclosure by advertisement or judicial action. The Association, acting on behalf of all Co-owners, may bid in at the foreclosure sale and acquire, hold, lease, mortgage or sell the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of any such lease, mortgage or sale in accordance with the priorities established by applicable law. The redemption period for foreclosure is six months from the date of sale unless the Unit is abandoned, in which event the redemption period is one month from the date of sale. The Co-owner of a Unit subject to foreclosure, and any purchaser, grantee, successor, or assignee of such Co-owner's interest in the Unit, is liable for assessments by the Association chargeable to the Unit that become due before expiration of the period of redemption, together with interest, advances made by the Association for taxes or other liens to protect the lien, costs and attorney fees incurred in their collection.

(c) Power of Sale. Further, each Co-owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent at public sale in accordance with the statutes providing therefor and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the



Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit.

(d) Notice of Lien. The Association may not commence proceedings to foreclose a lien for unpaid assessments without recording and serving a notice of lien in the following manner:

(1) The notice of lien shall set forth the legal description of the Unit or Units to which the lien attaches, the name of the Co-owner of record thereof, the amount due the Association as of the date of notice, exclusive of interest, costs, attorney's fees and future assessments.

(2) The notice of lien shall be in recordable form, executed by an authorized representative of the Association, and may contain such other information as the Association deems appropriate.

(3) The notice of lien shall be recorded in the office of the Washtenaw County Register of Deeds and shall be served upon the delinquent Co-owner by first class mail, postage prepaid, addressed to the last known address of the Co-owner at least ten (10) days in advance of the commencement of the foreclosure proceedings.

(e) Expenses of Collection. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default and shall be secured by the lien on his Unit.

Section 7. Liability of Mortgagee. Notwithstanding any of the provisions of the Condominium Documents, if the holder of any first mortgage covering, or other purchaser of, any Unit in the Condominium Project obtains title to the Unit as a result of foreclosure of the first mortgage, such person, and its heirs, representatives, successors and assigns, are not liable for the assessments chargeable to such Unit which became due prior to the acquisition of title to the Unit by such person.

Section 8. Developer's Responsibility for Assessments. The Developer, even though a member of the Association, shall not be responsible at any time for payment of the regular assessments of the Association established pursuant to subsection 2(a) above. The Developer, however, shall at all time pay all expenses of maintaining the Units that it owns, including the improvements located thereon, together with a proportionate share of the Association's current expenses of administration actually incurred from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, capital improvements or other special assessments, except with respect to occupied Units owned by it on which a completed residential dwelling is located. Any assessments levied by the Association against the Developer for any purposes shall be void without Developer's consent. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. A "completed residential dwelling" shall mean a residential dwelling with respect to which a temporary or final certificate of occupancy has been issued by the City of Milan.



Section 9. 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 10. 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 11. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 12. Statement as to Unpaid Assessments. The purchaser or grantee of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser or grantee holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the 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 or grantee to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments, together with interest, costs, fines, late charges and attorney fees incurred in the collection of such assessments, and the lien securing the same fully enforceable against such purchaser or grantee and the Unit itself, to the extent provided by the Act.

13. Payment of Unpaid Assessments at Time of Sale. Upon the sale or conveyance of a Unit, all unpaid assessments, interest, late charges, fines, costs and attorneys' fees against such Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan, or any subdivision thereof, or any municipality for taxes and special assessments due and unpaid on the Unit and (b) payments due under a first mortgage having priority thereto.

14. Foreclosure of First Mortgage. The Mortgagee of a first mortgage of record of a Unit shall give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure sale required by statute upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address as shown on the records of the Michigan Corporation and Securities Bureau, or to the address the Association provides to the Mortgagee, if any, in those cases where the address is not registered, within ten days after the first publication of the notice. The Mortgagee of a first mortgage of record of a Unit shall give notice to the Association of intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the Mortgagee, and the foreclosing assignee of a recorded assignment of the mortgage; the date of the mortgage and the date the mortgage was recorded; the amount claimed to be due on the mortgage on the date of the notice; and a description of the mortgaged premises that substantially conforms with the description contained in the mortgage, upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address as shown on the records of the Michigan Corporation and Securities Bureau, or to the address the Association provides to the Mortgagee, if any, in those cases where the address is not registered, not less than ten days before commencement of the judicial action. Failure of the Mortgagee to provide notice as required by this Section shall only provide the Association with legal



recourse and will not, in any event, invalidate any foreclosure proceeding between the Mortgagee and mortgagor.

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 Co-owners and the Association shall, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any Circuit Court in the State of Michigan may be rendered upon any award pursuant to such arbitration) and written notice to the Association, be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding. At the exclusive option of the Association, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Condominium Project if the amount of the claim is Ten Thousand (\$10,000.00) Dollars or less. At the exclusive option of a Co-owner, any claim which might be the subject of a civil action against the Developer, which involves an amount less than Two Thousand Five Hundred (\$2,500.00) Dollars and arises out of or relates to a Co-owner's Unit or the Project, shall be settled by binding arbitration. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no 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. The election and written consent by parties pursuant to Section 1 above to submit any dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV INSURANCE

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

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

(b) Insurance of Common Elements. All Common Elements shall be insured against fire (if appropriate) and other perils covered by a standard extended coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable



replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

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

(d) 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 and the Co-owners and their Mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of damaged portions of the Condominium shall be required as provided in Article V of these By-Laws, the insurance proceeds received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

(e) Insurance Certificates. Certificates of insurance maintained by the Association shall be issued to each Co-owner and Mortgagee upon request.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner appoints the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project and the General Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Condominium Project. The Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Co-owners and respective Mortgagees, as their interests may appear (subject to limiting or defining provisions of the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of the Association and any of its Co-owners as shall be necessary or convenient to accomplish the foregoing.

Section 3. Insurance Responsibilities of Co-Owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the buildings and all other improvements constructed or to be constructed within the perimeter of his Unit and for his personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner also shall be obligated to obtain insurance coverage for his personal liability for occurrences within the boundaries of his Unit and the improvements located therein (naming the Association and the Developer as additional insureds thereunder), and also for any other personal insurance coverage that the Co-owner wishes to carry. The liability insurance described in this Section 3 shall be carried in such minimum amounts as may be specified by the Developer (and thereafter by the Association).

Each Co-owner shall, on or before the annual anniversary dates of the issuance of any insurance required to be maintained by such Co-owner under this Section 3, deliver certificates of such insurance to the Association. If a Co-owner fails to obtain any such insurance (which may be assumed to be the case if the Co-owner fails to timely provide evidence thereof to the Association), the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor (if



not reimbursed by the Co-owner on demand) shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof.

The Association shall under no circumstance have any obligation to obtain any of the insurance coverage described in this Section 3 or incur any liability to any person for failure to do so. The Association may elect, however, through its Board of Directors, to undertake the responsibility for obtaining the insurance described in this Section 3, or any portion thereof, exclusive of insurance covering the contents located within a Co-owner's residence, and the cost of the insurance shall be included as an expense item in the Association budget. All Co-owners shall be notified of the Board's election to obtain the insurance at least sixty (60) days prior to its effective date which notification shall include a description of the coverage and the name and address of the insurer. Each Co-owner shall also be provided a certificate of insurance as soon as it is available from the insurer. Co-owners may obtain supplementary insurance but in no event shall any such insurance coverage undertaken by a Co-owner permit a Co-owner to withhold payment of the share of the Association assessment that relates to the equivalent insurance carried by the Association. The Association also shall not reimburse Co-owners for the cost of premiums resulting from the early cancellation of an insurance policy. To the extent a Co-owner does or permits anything to be done or kept on his Unit that will increase the rate of insurance each Co-owner shall pay to the Association, the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition shall be charged to the Co-owner responsible for such activity or condition.

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

Section 5. Additional Insurance. The Association may, as an expense of administration, purchase an umbrella insurance policy which covers any risk required hereunder which was not covered due to lapse or failure to procure.

Section 6. Modifications to Insurance Requirements and Criteria. The Board of Directors of the Association may, with the consent of thirty-three and one-third (33-1/3%) percent of the Co-owners, revise the types, amounts, provisions, specifications and other provisions of this Article IV, except where prohibited by the Act.

Section 7. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the Developer (and thereafter the Association). This Section 7 shall not, however, be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner.

ARTICLE V RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium Premises shall be damaged as a result of fire, vandalism, weather or other natural or person caused phenomenon or casualty, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:



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

(b) Unit or Improvements Thereon. If the damaged property is a Unit or any improvements thereon or an appurtenant Limited Common Element, the Co-owner of the affected Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any Mortgagee or other person or entity having an interest in such property, and such Co-owner shall be responsible for any reconstruction or repair that he elects to make. The Co-owner shall in any event remove all debris and restore his Unit and the improvements thereon and the appurtenant Limited Common Elements to a clean and sightly condition satisfactory to the Association and in accordance with the provisions of Article VI hereof as soon as reasonably possible following the occurrence of the damage. In the event that a Co-owner has failed to repair, restore, demolish or remove the improvements on the Co-owner's Unit or an appurtenant Limited Common Element under this Section, the Association shall have the right (but not the obligation) to undertake reasonable repair, restoration, demolition or removal and shall have the right to place a lien on the affected Unit for the amounts expended by the Association for that purpose which may be foreclosed as provided for in these By-Laws.

Section 2. Repair in Accordance with Master Deed. Reconstruction or repair shall be substantially in accordance with the Master Deed, the Condominium Subdivision Plan attached thereto as Exhibit B and the original plans and specifications for any damaged improvements located within the Unit or damaged appurtenant Limited Common Elements unless the Co-owners shall unanimously decide otherwise.

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

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

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

(a) Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a Unit or any improvements thereon or any Limited Common Elements appurtenant thereto by eminent domain, the award for such taking shall be paid to the Co-owner of the affected Unit and the Mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by



eminent domain, such Co-owner and his Mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium Project.

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

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

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

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

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

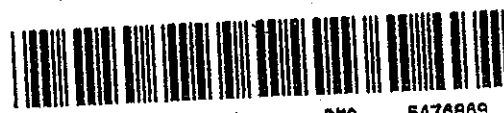
Section 7. Notification of FHLMC, FNMA, Etc. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), the Michigan State Housing Development Authority ("MSHDA"), or insured by the Veterans Administration ("VA"), Department of Housing and Urban Development ("HUD"), Federal Housing Association ("FHA") or any private or public mortgage insurance program, then the Association shall give the aforementioned parties written notice, at such address as they 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 and 00/100 (\$10,000.00) Dollars in amount or damage to a Condominium Unit or dwelling covered by a mortgage purchased, held or insured by them.

ARTICLE VI ARCHITECTURAL AND BUILDING AND USE RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

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Section 1. Architectural Standards and Residential Use. All improvements made within any Unit or outside the boundaries of a Unit, including, without limitation, landscaping, construction of a Residence or Structure (such as a deck or garage), and the use and occupancy thereof, shall comply fully with these Architectural and Building and Use Restrictions. As set forth more specifically in this Article VI, if the Structure, Residence, deck or garage to be built within the Unit or outside the boundaries of a Unit is not to be constructed by Developer or an affiliate thereof, then before construction of any improvements are made to a Unit or outside the boundaries of a Unit, plans and specifications prepared and sealed by a licensed Michigan architect, including grading, site, landscaping and irrigation plans, showing the nature, size, shape, elevations, height, materials, color scheme, and location of all improvements, shall be submitted to and approved in writing by the Developer, (or the Architectural Control Committee, as the case may be), as more fully set forth in Section 2, below. In addition to all of the other restrictions and requirements of this Article VI, in no event may a Co-owner construct any Structure or other improvements outside the boundaries of a Unit. The Developer intends by these restrictions to create and perpetuate a beautiful, serene, private residential condominium community consistent with the highest standards. No Unit in the Condominium shall be used for other than single-family residential purposes (except that persons not of the same immediate family may together occupy a Residence constructed within a Unit with the written consent of the Board of Directors of the Association, which consent shall not be unreasonably withheld). A family shall mean one person or a group of two or more persons related by bonds of consanguinity, marriage or legal adoption. No business, trade, profession or commercial activity of any kind shall be conducted within any Unit in the Condominium. In no event may any Unit be used for the operation of a family day care home or other day care facility, regardless of whether or not such home or other facility is operated as a business or trade.

Section 2. Restrictions and Requirements. No Structure or Residence shall be constructed or located on any Unit or outside the boundaries of a Unit, except as follows:

A. Review Procedures and Submission Requirements.

1. The Developer intends that all Structures and Residences on any Unit or otherwise within the Project shall be designed, developed and constructed so as to be harmonious, complimentary and dignified, all to the end that the Project as developed and improved will be and provide a refined and exclusive environment of the highest architectural, construction and aesthetic standards. In order to accomplish such end, the Developer hereby reserves to itself (and, to the Association, acting through its Architectural Control Committee, as more fully set forth below), the right to approve, disapprove and otherwise pass upon the design, appearance, construction or other attributes of any Structure or Residence proposed to be erected or maintained on a Unit, or within the Project, and no Structure or Residence shall be permitted or allowed to be constructed or erected on a Unit, or within the Project unless the same has received, in writing, the approval of the Developer (or the Association, acting through its Architectural Control Committee, as more fully set forth below), pursuant to the terms and conditions of this Article VI. In addition to the approvals required by and the other restrictions contained in this Article VI, all Structures and Residences erected or maintained on a Unit or within the Project shall comply with all of the requirements of the City of Milan imposed as part of its site plan approval for the Project.

2. There shall be a two (2) step submittal process for obtaining the approval of the Developer (or the Architectural Control Committee, as the case may be), for any Structure or Residence to be erected, constructed, maintained or rebuilt on any Unit or in any other part of the Project. The Developer's approval in writing of each of the submittal must be obtained before construction of any Structure or Residence may be commenced. If appropriate, the Developer may waive or modify the process in order to expedite the review process, although in no event shall the Developer be obligated to modify or waive the process.



(a) The first step will be the application for "Concept Approval". In connection with seeking Concept Approval, the Co-owner or his or her representative shall submit: (i) a conceptual site plan showing the location of all proposed Structures on the Unit; (ii) a conceptual floor plan; and (iii) conceptual front and rear elevation drawings of the proposed Residence, including a description of desired colors and types of exterior materials. Concept Approval shall be deemed to have been granted when the Developer has approved, in writing, all of the foregoing submissions.

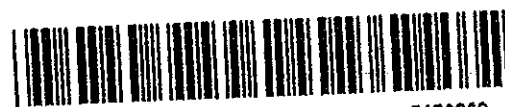
(b) The second step will be application for Final Approval. In connection with seeking Final Approval, the Co-owner or his or her representative shall submit: (i) all prints, plans and other items required to be submitted to the City of Milan to procure a building permit; (ii) a dimensioned site plan sealed by a registered engineer licensed to do business in the State of Michigan, showing setbacks, existing and proposed elevations, and all trees on the Unit having a diameter at ground level of three (3") inches or more, including an indication as to which trees are to be removed; (iii) complete building plans sealed by a registered architect licensed to do business in the State of Michigan; (iv) actual samples of bricks, shingles, stain materials and colors; (v) a construction schedule specifying completion dates for foundations, rough-in, and the Structure with a completed exterior as a whole; and the deposit described in Article VI, Section 2, paragraph C5(c), below; if required by the Developer; (vi) plans for landscaping within the Unit; and (vii) any other materials required by the Developer. Final Approval shall be deemed to have been granted when the Developer has approved, in writing, all of the foregoing submissions.

(c) No approval shall be effective unless given by the Developer, in writing. If a Structure or any aspect or feature thereof is not in strict conformity with the requirements or restrictions set forth in this Article VI, any such nonconformity shall be permitted only if it is specifically mentioned as such in the submissions to the Developer, and the Developer specifically approves or waives the same, in writing.

3. No alteration, modification, substitution or other variance from the designs, plans, specifications and other submission matters which have been approved by the Developer shall be permitted on any Unit or elsewhere in the Project unless the Co-owner thereof obtains the Developer's written approval for such variation. So long as any such variance is minimal, the Co-owner need not go through the entire submittal process described in paragraph 2, above, but in any event, the Co-owner must submit sufficient information (including, without limitation, material samples) as the Developer determines, in its sole discretion, is required to permit the Developer to decide whether or not to approve or deny the variance request. The Developer's approval of any variance must be obtained irrespective of the fact that the need for the variance arises for reasons beyond the Co-owner's control (e.g., material shortages or the like). If a variance is required from the City of Milan, or any other governmental agency or department, it will be the Co-owner's responsibility to seek and obtain such variance.

4. In making any of the submissions required or contemplated in this Article VI, Section 2, paragraph A2, the Co-owner shall cause four (4) copies thereof to be submitted to the Developer. Two copies shall be returned to the Co-owner after the Developer has approved or disapproved the submission, and the other two copies shall be retained by the Developer for its files.

5. The initial designee of the Developer for all purposes hereunder shall be David Darkowski who shall be the agent and employee of Developer who evaluates and renders decisions on behalf of the Developer with respect to matters submitted to the Developer pursuant to this Article VI, Section 2, paragraph A2. **NO CO-OWNER OR REPRESENTATIVE THEREOF MAY RELY UPON ANY APPROVAL OR OTHER STATEMENT RENDERED OR MADE BY ANY AGENT OR EMPLOYEE OF THE DEVELOPER OTHER THAN DAVID DARKOWSKI, UNLESS DAVID**



ARKOWSKI (OR HIS DULY APPOINTED SUCCESSOR) DESIGNATED IN WRITING ON BEHALF OF THE DEVELOPER AND NO OTHER AGENT OR EMPLOYEE WHO HAS THE AUTHORITY TO SO ACT. 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 hereunder.

6. The Developer reserves the right to assign, delegate or otherwise transfer its rights and powers of approval as provided in this Article VI, including, without limitation, assignment of such rights and powers to the Architectural Control Committee described herein or to any Mortgagee.

B. Restrictions and Requirements.

The following rules, regulations, restrictions and requirements shall apply to each and every lot in the Project, and no Structure shall be erected, constructed or maintained on any Unit or anywhere in the Project which is in contravention of such rules, regulations, restrictions and requirements, except to the extent any non-conformity has been waived by the Developer pursuant to Section 2.E of this Article VI, Section 2.

1. Each Residence must comply with such minimum square footage requirements as are imposed from time to time by the City of Milan pursuant to its ordinances and related regulations. All garages must be attached or architecturally related to the Residence. No garage shall provide space for less than two (2) automobiles and no more than three (3) automobiles and shall be for private owner use only. Carports are specifically prohibited.

2. Old and/or preexisting buildings may not be moved onto any Unit and no used materials except reclaimed brick may be used in construction.

3. The exterior of all buildings must be brick, stone, wood, vinyl siding or a combination thereof. Visible exteriors of cement, slag, cinderblock, asbestos siding or concrete are prohibited.

4. No Residence, building or other structure shall be placed, erected, altered or moved on any Unit or beyond the boundaries of a Unit in violation of the setback requirements of the ordinances of the City of Milan in effect from time to time.

5. Upon the completion of a Residence upon any Unit, the Co-owners thereof shall be subject to all applicable municipal ordinances, cause the Unit to be finish graded and sodded suitably landscaped as soon after completion as weather permits. All landscaping in the common area shall be of an aesthetically pleasing nature and shall be well maintained at all times. Notwithstanding anything to the contrary herein, basic landscaping, including finish grading and the installation of sod, must be completed within 90 days of the later of the closing on the Unit and City of Milan's final grade of the Unit, weather permitting, and if weather does not so permit, then as soon as thereafter as weather permits. Use of seed and hydroseed is expressly prohibited. The landscaping within a Unit, which must be approved by the Developer pursuant to Section 2.A of this Article VI, shall also comply with the following requirements:

(a) At least 15 shrubs of not less than 18 inches in height each (typically three (3) gallon) must be installed within a Unit.

(b) At least one coniferous (evergreen) tree of not less than six (6) feet in height must be installed within a Unit.



(c) Either, at the option of the Co-owner, (i) at least one deciduous (shade) tree of not less than two to two and one-half inch caliper or (ii) at least one ornamental tree of not less than six (6) feet in height must be installed within a Unit.

(d) White landscape rocks may not be used as garden bed cover.

6. Only domesticated pets shall be kept or maintained within any Unit. No other types of animals or fowl shall be kept or maintained on any Unit, and household pets shall be confined to the Unit, unless accompanied by the Owner and appropriately restrained. Pets causing a nuisance or destruction shall be restrained or removed from the Project. No savage or dangerous animal shall be kept. 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 which barks and can be heard on a frequent or continuing basis shall be kept in any Unit or on the Common Elements. Any person who causes or permits an animal to be brought or kept on the Condominium shall indemnify the Association and hold it harmless for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the Condominium.

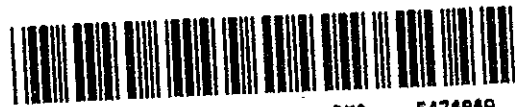
7. Dog runs or other enclosed shelters for permitted animals must be approved by the Developer and the City relative to the location and fencing. Each Co-owner must keep any such shelter or dog run in a clean and sanitary condition. All dog runs or other enclosed shelters described above shall be made of wood or brick, shall not exceed one hundred fifty (150) square feet in area or four (4) feet in height, and shall be located at the rear of the Unit. All dog runs or enclosed shelters must have landscape screening installed within thirty (30) days of the installation of the dog run or shelter, which screening shall be approved by Developer prior to commencement of construction of the dog run and/or enclosed shelter.

8. No deck, patio, paved area, wall or hedge of any kind shall be erected or maintained on any Unit without the prior written approval of the Developer. No deck, patio, paved area, wall or hedge shall be located nearer to any front Unit boundary line than is permitted for Residences under Paragraph B4 above. No deck, patio, paved area, wall or hedge shall be maintained or erected which blocks or hinders vision at street intersections.

9. No fencing of any type is allowed on any Unit, except for a fence of maintenance free material (e.g., white PVC or aluminum) four feet in height and which is otherwise approved by the Developer, or the Architectural Control Committee, as the case may be, in writing. In no event will chainlink fencing be allowed. A Co-owner shall also obtain such permits and other approvals as may be required for such fencing by the City of Milan.

10. No above ground swimming pools shall be erected or maintained on any Unit. The size, configuration, location and exterior appearance of any in-ground swimming pool shall be subject to the Developer's prior written approval, and shall conform to all City of Milan ordinances.

11. No mobile home, trailer, house or camping trailer, tent, shack, tool storage shed, barn tree house or other similar outbuilding or structure shall be placed on any Unit at any time, either temporarily or permanently. Plans for swimming or bath houses must be specifically approved by the Developer and the City of Milan. Notwithstanding the foregoing, the Co-owners of a Unit may park a boat or snowmobile trailer, camper, camping trailer or recreational vehicle (ATV) in the driveway of their Unit for occasional periods of no longer than forty-eight (48) hours to permit the cleaning or pre- or post-use maintenance of such vehicles; provided that the Board of Directors shall have the right to adopt further rules regulating this matter to the extent deemed necessary by the Board.



12. Trailers, trucks, aircraft, commercial vehicles, house trailers, inoperative vehicles, boats or boat trailers, mobile homes, campers or other recreational vehicles or other vehicles except passenger cars, passenger vans, pick-up trucks and sport utility vehicles shall not be parked or maintained on any Unit unless in a suitable private garage with the garage door closed and which garage is built in accordance with the restrictions set forth herein, nor shall any of the same be parked upon any street or road within the Condominium except for commercial vehicles when present on business and then only for a limited period of time reasonably necessary to conduct the business. Notwithstanding anything to the contrary contained herein, the provisions of this paragraph shall not apply to the Developer or to any builder which Developer may designate during the Development and Sales Period or during such periods as any Residence may be used for model or display purposes.

13. It shall be the sole responsibility of each Co-owner to take all steps necessary to prevent his or her Unit and any Residence or Structure located thereon and appurtenant Limited Common Elements from becoming unsightly or unkempt or from falling into a state of disrepair so as to decrease the beauty of the Condominium. No lawn ornaments, sculptures or statues shall be placed or permitted to remain on any Unit or appurtenant Limited Common Elements without the prior written permission of the Developer or, after the Development and Sales Period, the Association. Each Co-owner shall promptly remove any trees that die or become seriously diseased thereafter. All Co-owners should be aware that the City of Milan may have ordinances which require the City's approval before any trees can be removed from the Unit.

14. No noxious or offensive activity shall be carried on upon any Unit or Common Elements nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any animals or device or thing of any sort whose normal activities or existence is in any way noxious, noisy, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the reasonable enjoyment of other property in the neighborhood. Notwithstanding anything to the contrary contained herein, the provisions of this paragraph shall not apply to the Developer or to any other builder which Developer may designate during the Development and Sales Period or during such periods as any Residence may be used for model or display purposes. No laundry shall be hung outside for drying.

15. All driveways and approaches shall be paved with concrete or an approved asphalt surface and shall be completed prior to occupancy, except to the extent prohibited by strikes or weather conditions, in which case the paving shall be completed within (thirty (30) days of the termination of the strike or adverse weather. Developer may waive this requirement due to unavailability or excessive cost of materials.

16. The Developer reserves the right (on its own behalf and on behalf of its agents, employees and designees, and on behalf of the Association) to enter upon any Unit for the purpose of mowing, removing, clearing, cutting or pruning any underbrush, weeds or other unsightly or inappropriate growth which, in the sole discretion of Developer, detracts from the overall beauty, setting or safety of the Project; provided that Developer shall provide the Co-owners of the Unit with reasonable notice of its intended action. The Co-owner of the Unit shall be obligated to reimburse the Developer for the cost of any such activities. Such entrance or other action as aforesaid shall not be deemed a trespass. The Developer and its designees likewise may enter upon a Unit to remove any trash or debris which has collected or accumulated on such Unit, at the Co-owner's expense, and without such entrance and removal being deemed a trespass. The provisions of this paragraph shall not be construed as imposing any obligation on the Developer or the Association to mow, clear, cut or prune any Unit, or to provide garbage or trash removal services and any charge imposed upon a Co-owner pursuant to this provision shall become a lien upon the Co-owner's Unit.

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17. The grade of any Unit may not be changed without the written consent of the Developer. This restriction is intended to prevent interference with the master drainage plans for the Condominium. Furthermore, Developer shall have the exclusive right to enter upon any Unit after occupancy of the Residence thereon has been delivered to the Co-owners for the purpose of modifying grades due to construction on immediately abutting Units in order to preserve the master drainage plans for the Condominium. Developer shall restore the Unit entered upon to its original or similar condition which existed prior to any work which Developer may be required to do in order to preserve the integrity of the drainage system of the Condominium, provided, however, that Developer shall not be responsible for replacing any Improvements which caused or altered the original master drainage plans for the Condominium.

18. 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 similar system shall be located so as to minimize disruption or negative impact thereof on adjoining Units in the Project in terms of noise or view. The Developer shall have conclusive authority to determine whether a system complies with the foregoing requirements.

19. No basketball backboard or basket may be attached to a Residence.

20. All Residences shall be connected to the City water and sanitary sewer systems and no well or septic system shall be installed on any Unit or Common Element.

21. The use of any BB gun, firearm, air rifle, pellet gun, bow and arrow, slingshot or any other weapon of any kind is prohibited in the Condominium.

22. No shrubs or foliage shall be permitted on any Unit within five (5') feet of any transformer enclosure or secondary connection pedestals.

23. No commercial signs, except "for sale" signs of a normal and usual size, shape and material, shall be erected or maintained on any Unit or Common Element except with the written permission of the Developer or except as may be required by legal proceedings. If such permission is granted, Developer reserves the right to restrict size, color and content of such signs. All property identification signs, mailboxes, delivery receptacles, yard lights and the like shall be of a standard color, size and style determined by Developer and shall be erected only in areas designated by the Developer. At the conclusion of the Development and Sales Period, the approval rights reserved herein to the Developer shall be deemed to have been assigned to the Architectural Control Committee described below. Nothing in these By-Laws shall prevent a Co-owner from displaying a single United States flag of a size not greater than three feet by five feet anywhere on the exterior of the Residence constructed within his or her Unit.

24. No Co-Owner shall install or erect any sort of antenna (including dish antennas) upon any General Common Element. Co-owners shall have the right to install (i) not more than one antenna designed to receive television broadcast signals and (ii) not more than one antenna measuring one meter (39 inches) or less in diameter or diagonally and designed to receive direct broadcast satellite services or video programming from multichannel multipoint distribution (wireless cable) providers within their Units; provided that any such antenna shall be installed behind the Residence constructed within the Unit in a location that is, to the maximum extent possible, shielded from view from the road while still permitting reception of an acceptable quality signal. The Association shall have the right to impose rules requiring that any installed antenna be painted in a specified color so that the antenna blends into its surroundings. This provision applicable to antennas



is intended to comply with applicable rules and regulations promulgated by the Federal Communications Commission (the "FCC Rules") and shall be automatically amended and revised to the extent required to remain in compliance with future modifications to the FCC Rules. Co-owners are urged to restrict the antenna installed upon their Unit to a dish design measuring not more than 18 inches in diameter. In no event shall an antenna permitted by this provision be installed in front of a Residence unless the Co-owner can demonstrate that an acceptable quality signal cannot be obtained from a location to the rear of the Residence.

25. The stockpiling and storage of building and landscaping materials, equipment and/or firewood shall not be permitted on any Unit or Common Element except if such materials, equipment and/or firewood are stored within the Unit and may be used within a reasonable length of time, but in no event shall the storage of landscape material extend for a period of more than thirty (30) days. This provision shall not apply to the Developer or any builder which Developer may designate during the Development and Sales Period.

26. No substantially similar front elevation in style and color of any Residence shall be duplicated on any Unit or the Unit on either side of such Unit or the three (3) Units directly across from the front yard of the Unit in question and the Units immediately adjacent to such Unit unless approved by Developer or the Architectural Control Committee as provided in Parts E and F below.

27. No Unit or Common Element shall be used or maintained as a dumping ground for rubbish or debris of any kind. Trash and other forms of waste shall not be kept on any Unit or Common Element except in closed sanitary containers properly concealed from public view, which containers shall not be stored outside except on those days trash is collected, in which case trash containers may be outside for a period not to exceed twenty-four (24) hours.

28. No part of any Unit, Residence or Structure shall be used for any activity normally conducted as a business, trade or profession and which is otherwise precluded by local municipal ordinance; provided, however, this prohibition shall not apply to (a) use of computer(s) for maintaining personal and/or business record keeping, and (b) participating in personal, business or professional telephone calls or correspondence in the Residence, but is meant to prohibit the stocking and selling of inventory, use of any Residence or Structure for meetings with customers, clients or employees in connection with the promotion of any business or the products or services of the business or as more particularly described in the local municipal ordinance(s) governing such activities.

29. No Unit shall be subdivided or its boundary lines changed.

30. All exterior lighting, including lamps, posts, and fixtures, for any Structure, Residence or garage must receive prior written approval from the Developer (or the Architectural Control Committee, as the case may be).

31. Hot tubs may be installed if permitted by the City of Milan and the Developer (or the Architectural Control Committee, as the case may be), in the Developer's sole discretion. Any Co-owner intending to construct a hot tub must submit to the Developer a detailed description and proposed layout showing size, location, materials, shape, landscaping, fencing, screening, and the type of construction. The Developer shall have absolute discretion to approve or disapprove any proposal and may attach any conditions which it deems appropriate. Any approved hot tubs must be maintained by the Co-owners in a safe and clean condition and must also be maintained in appearance consistent with the standards of the Condominium.



32. All public utilities such as water mains, sanitary sewers, storm sewers, gas mains, electric and telephone local distribution lines, cable television lines, and all connections to same, either private or otherwise, shall be installed underground. However, above-ground transformers, pedestals and other above-ground electric and telephone utility installations and distribution systems and surface and off-site drainage channels and facilities, as well as street lighting stanchions, shall be permitted.

33. (a) A Co-owner may lease or sell his or her Unit for the same purposes set forth in Section 1 of this Article VI; provided that such lease shall be in writing and written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in Subsection (b) below. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least six (6) months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion.

(b) The leasing of Units in the Project shall conform to the following provisions:

(1) A Co-owner, including the Developer, 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 to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents.

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

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

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

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

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

Co-owner liable for any damages to the General Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. If a tenant, after being so notified by the Association, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following:

(i) 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.

(ii) Initiate proceedings pursuant to subsection (b)(3)(iii) above.

34. Sidewalks, yards, landscaped areas, driveways, and parking areas shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements nor shall any Co-owner erect, place or maintain any ornament, sculpture, statue or improvement upon the Common Elements of the Project.

35. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these By-Laws concerning the use of the Common Elements and such common amenities and areas as may be created as General Common Elements of the Condominium or placed under the control of the Association may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors). Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners and to all other parties who are entitled to use the amenity or area affected by the said rules, regulations or amendments thereto.

36. Each Co-owner shall maintain his or her Unit and any Limited Common Elements appurtenant thereto for which he or she has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him or her, or his or her family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Each individual Co-owner shall indemnify the Association and all other Co-owners against such damages and costs, including attorneys' fees, and all such costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

37. The Developer hereby reserves the following rights:

(a) None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and



Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer shall have the right to maintain a sales office, model units, advertising display signs, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale by the Developer of the entire Project. Developer may continue to exercise these rights as long as Developer, or its successors and assigns own any unsold Unit in the Project or any unsold Unit in the Project.

(b) The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, 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 as interpreted by the Developer, then the Developer, or any person to whom 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 By-Laws and to charge the cost thereof to the Association as an expense of administration. So long as the Developer (or its successors and assigns) own any unsold Unit in the Project, the Developer shall have the right to enforce these By-Laws which right of enforcement shall include, without limitation, an action to restrain the Association or any Co-owner from any activity prohibited by these By-Laws.

38. No Residences, improvements or Structures may be constructed or maintained over or on any easements; provided, however, that after the aforementioned utilities have been installed, such areas may be sodded. All other planting or improvements within a Unit of any type over or on said easements shall be allowed only upon prior written approval of the Board of Directors (and the Developer during the Development and Sales Period) and only so long as they do not interfere with, obstruct, hinder or impair the drainage plan of the Condominium Project, and so long as access is granted, without charge or liability for damages, for the maintenance of the utilities and underground drainage lines so installed, surface drainage and/or for the installation of additional facilities.

39. The Developer reserves the right to create additional restrictions and/or to revise or eliminate restrictions in connection with the development of the Condominium Project.

40. No tree of more than six inch caliper may be removed from any Unit or Common Element without the written consent of both the Association and the City of Milan.

C. Requirements, Restrictions and Regulations Relative to Construction Activities.

Developer reserves the right to establish and enforce such rules and regulations relative to the performance of construction activities within the Project (whether or not in connection with the construction, repair or maintenance of a Residence or other Structure) as the Developer determines to be appropriate in order to maintain the tranquility, appearance and desirability of the Project. Unless waived by the Developer, in writing, the following rules, regulations, restrictions and requirements shall apply to any construction or site improvement activities within the Project, including landscaping, that may be carried out by any person, including any Co-owner or any contractor of a Co-owner throughout the duration of the Development and Sales Period; provided that the Association shall have the right to enforce similar rules after the Development and Sales Period:

1. Construction of a Residence must commence within twelve (12) months after a Co-owner acquires the Unit, in strict accordance with the construction schedule submitted to and approved by the Developer pursuant to Part A of this Article VI, Section 2. Prior to commencement of



construction, the Co-owner must obtain all permits or approvals required by the City of Milan and any and all other governmental agencies.

2. Once commenced, all construction activity shall be carried out with all reasonable diligence, and the exterior of all Residences or other Structures must be completed as soon as practical after construction commences and in any event within twelve (12) months after such commencement, except where such completion is impossible or would result in exceptional hardship due to strikes, fires, national emergencies or natural calamities.

3. Construction activities shall be carried on only during those hours not prohibited by the City of Milan ordinance.

4. (a) No Structure shall be constructed on any Unit in the Project unless prior to the commencement of construction thereof, the Co-owner and the general contractor or builder thereof enter into an agreement, in form and substance acceptable to the Developer, whereby they agree to: (i) maintain a dumpster on the Unit during construction; (ii) deposit all trash, garbage, scraps and other disposable items therein; (iii) keep the Unit in a sightly and clean condition during construction; (iv) remove from the Unit the dumpster and all trash, garbage, scraps or other debris arising during such construction activities and otherwise restore the Unit to a sightly and clean condition promptly after completion of construction; and (v) to the extent reasonably possible, keep all dirt, mud and other debris from accumulating on any road during and after the course of construction, including 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 Co-owner or a Co-owner's general contractor or builder is in compliance with the foregoing requirements and obligations.

(b) If for any reason the Developer does not require the execution of such an agreement, each Co-owner of a Unit and the general contractor or builder of any Structure or Residence on a Unit nevertheless shall observe and perform the requirements and obligations set forth in this Article VI, Section 2, Part C.

(c) In the event that the Co-owner, general contractor or builder fails to observe or perform any responsibility or obligation under this paragraph or under any agreement entered into as provided under this paragraph, the Developer shall have the right (but not the obligation) to enter upon the Unit and correct or rectify such failure, including the installation or relocation of a dumpster, disposal of debris and/or the sweeping or cleaning of a road or roads that the Developer determines to have been affected, in the Developer's sole discretion. The Developer shall be entitled to be reimbursed by the Co-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 billed by the Developer to the Co-owner, which bill shall be payable by the Co-owner within five (5) days after the submission thereof. If the Co-owner, general contractor or builder fail(s) to pay such bill, in full, within such five (5) day period, the Developer shall have all rights provided under these Condominium By-Laws, including, without limitation, the right to file and foreclose a lien against the Unit, the right to collect interest on the unpaid amount and the right to collect any legal fees and costs incurred in connection with the collection of such unpaid amounts.

(d) The Developer intends, but is not obligated, to provide as much advance notice as is reasonably possible (but in no event more than five (5) days advance notice) prior to taking any corrective or rectifying action under paragraph (d), above which would entail an expense in excess of One Hundred Fifty (\$150.00) Dollars. If dirt, mud or debris accumulates on a road and could be attributable to construction activities on more than one Unit, the Developer shall have the right, in its sole discretion, to determine the extent to which the same is attributable to each



Unit, and to apportion the cost of cleaning, sweeping or otherwise removing the mud or debris among the relevant Units.

(e) The location of the dumpster required under this paragraph shall be shown on the final site plan submitted under Part A of this Article VI, Section 2, and shall be subject to the Developer's approval. The Developer intends to approve only locations that render the dumpster as unobtrusive as reasonably possible.

(f) It shall be the responsibility of each Co-owner of a Unit to maintain and preserve all such trees on such Unit, which responsibility shall include watering trees, if necessary.

D. Standard for Developer's Approvals; Exculpation from Liability.

In reviewing and approving plans, drawings, specifications, submissions and other matters to be approved or waived by the Developer under this Article VI, the Developer intends to ensure that the Structures, Residences and other features embodied or reflected therein meet the requirements set forth in this Article VI; provided, however, the Developer reserves the right to waive or modify such restrictions or requirements pursuant to Part E of this Article VI, Section 2. In addition to ensuring that all Structures, Residences and other features comply with the requirements and restrictions of Part B, of this Article VI, Section 2, the Developer (or the Architectural Control Committee after control thereof has been transferred by 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 after control thereof has been transferred by Developer), deem appropriate. The Developer or the Architectural Control Committee, as the case may be, shall be deemed to have the broadest discretion in determining what Residences, fences, walls, hedges or other Structures will enhance the aesthetic beauty and desirability of the Project, or otherwise further be consistent with the purposes of any restrictions. In no event shall either the Developer (or the agents, offices, 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 of the Residences, fences, walls, hedges or other Structures subject thereto, whether such alleged liability is based on negligence, tort, express or implied contract, fiduciary duty or otherwise. In no event shall any party have the right to impose liability on or otherwise judicially contest the Developer or other persons for any decision (or alleged failure to make a decision) relative to the approval or disapproval of a Structure or any aspect or other matter as to which the Developer reserves the right to approve or waive under this Article VI. The Developer's approval (or the Architectural Control Committee's approval, as the case may be) of a Structure or other matter shall not be construed as a representation or warranty that the Structure, Residence or other matter is properly designed or that it is in conformity with the ordinances or other requirements of the City of Milan or any other governmental authority. Any obligation or duty to ascertain any such non-conformities, or to advise the Co-owner or any other person of the same (even if known) is hereby disclaimed.

E. Developer's Right to Waive or Amend Restrictions and Regulations.

Notwithstanding anything herein to the contrary, the Developer reserves to itself, in its capacity as Developer (and to its successors and assigns to whom this right is assigned in writing, and the Architectural Control Committee, as the case may be), the right to approve any Structure, Residence or activity otherwise proscribed or prohibited hereunder, or to waive any rule, regulation, restriction or requirement provided for in this Article VI or elsewhere in the Condominium Documents, if, in the Developer's sole discretion, such is appropriate in order to maintain the atmosphere, architectural harmony, appearance and value of the Project and the Units therein, or to relieve the Co-owner of a



Unit or a contractor from any undue hardship or expense. In no event, however, shall the Developer be deemed to have waived or be estopped from asserting its right to require strict and full compliance with all of the rules, regulations, restrictions and requirements set forth herein, unless the Developer indicates its intent and agreement to do so in writing, and, in the case of an approval of nonconforming Structures, the requirements of Article VI, Section 2, paragraph A2 of these By-Laws are met.

F. Architectural Control Committee.

Upon the later of: (i) the expiration of the Development and Sales Period; and (ii) the date when certificates of occupancy have been issued for Residences on one hundred (100%) percent of the Units in the Project (the "Transfer Date"), or at such earlier time as the Developer, in its sole discretion may elect, the Developer will assign, transfer and delegate to an Architectural Control Committee all 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 in this Article VI. The assignment will automatically occur on the Transfer Date, and the Developer shall have no further responsibilities with respect to such matters. The Architectural Control Committee shall be comprised of up to three (3) members to be appointed by the Board of Directors.

ARTICLE VII
MORTGAGES, MORTGAGE INSURERS
AND MORTGAGE GUARANTORS

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 may, at the written request of a Mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 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.

Section 4. Applicability to Mortgage Insurers and Guarantors. Any of the rights in the Condominium Documents which are granted to First Mortgagees shall also be extended to insurers and guarantors of such mortgages, provided that they have given the Association notice of their interests. However, when voting rights are attributed to a Mortgagee, only one vote may be cast per mortgage as to the mortgage in question regardless of the number of Mortgagees, assignees, insurers and guarantors interested in the mortgage.

Section 5. Notification of Amendments and Other Matters. All holders of first mortgages and insurers and guarantors thereof who have requested notice, are entitled to timely written notice of: (a) any amendment affecting a Unit in which they have an interest, (b) any amendment affecting a change in the General Common Elements, or Limited Common Element appurtenant to a Unit in



which they have an interest, (c) a material change in the voting rights or use of a Unit in which they have an interest, (d) any proposed termination of the Condominium, (e) any condemnation or casualty loss which affects a material portion of the Condominium or a Unit in which they have an interest, or (f) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

ARTICLE VIII VOTING

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

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XI, Section 2 of these By-Laws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. 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 one vote for each Unit which 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 and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

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

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

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



ARTICLE IX MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents 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 (50%) percent of the total number of Units that may be created in the Condominium have been sold 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 (75%) percent of the total number of Units that may be created in the Condominium 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 Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 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 on a date chosen by the Board of Directors of the Association in each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XI of these By-Laws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the Co-owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these By-Laws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

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



Section 7. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors or officers); (g) election of Directors (at annual meeting or special meetings held for such purpose); (h) unfinished business; and (i) new business. 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 (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

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

ARTICLE X 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 total number of Units which may be created in the Project, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable except that if more than fifty (50%) percent 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 purchaser Co-owners. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may



remove and replace (at its discretion and at any time) any member of the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE XI BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall be comprised of five (5) members, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors, Directors shall serve without compensation.

Section 2. Election of Directors.

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

(b) Appointment of Non Developer Co-owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of twenty-five (25%) percent in number of the Units that may be created, one of the five (5) Directors shall be selected 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 (50%) percent in number of the Units that may be created, two (2) of 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. Upon certification by the Co-owners to the Developer of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

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

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

(ii) 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 Project, if title to less than seventy-five percent (75%) of the Units that may be created has been conveyed, 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). Application of this subsection does not require a change in the size of the Board of Directors.

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

(iv) 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 three (3) or two (2) Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office of each Director (except for two (2) of the Directors elected at the First Annual Meeting) 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 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 IX, Section 3 hereof.

(d) Conveyance to a Residential Builder. For purposes of calculating the timing of events described in this Section 2, conveyance by the Developer to a residential builder, even though not an affiliate of the Developer, is not considered a sale to a non-Developer Co-owner until such time as the residential builder conveys that Unit with a completed Residence on it or until it contains a completed Residence which is occupied.

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 By-Laws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

(a) To manage and administer the affairs of and to maintain the Condominium Project and the General Common Elements thereof;

(b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association;



- (c) To carry insurance and collect and allocate the proceeds thereof;
- (d) To rebuild improvements after casualty, subject to all of the other applicable provisions of the Condominium Documents;
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project;
- (f) To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association;
- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of seventy-five (75%) percent of all of the members of the Association in number and in value;
- (h) To make rules and regulations in accordance with Article VI, Section 2, paragraph B.35 of these By-Laws;
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board; and
- (j) 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) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three (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 to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-Developer Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-Developer Co-owners and shall be filled in the manner specified in Section 2(b) of this Article.



Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than fifty (50%) percent of all of the Co-owners qualified to vote and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal thirty-five (35%) percent requirement set forth in Article VIII, Section 4. Any Director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at anytime or from time to time in its sole discretion. Likewise, any Director selected by the non-Developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (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 to legally constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (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 ten (10) days prior to the date named for such meeting.

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

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

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present 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. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.



Section 14. Fidelity Bonds. The 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 on such bonds shall be expenses of administration.

ARTICLE XII. OFFICERS

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

(a) President. The President shall be the chief executive officer of the Association. The President shall preside 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 he may, in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) Vice President. The Vice President shall take the place of the President and perform his 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 him or her by the Board of Directors.

(c) 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; he or she shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary.

(d) Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. 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 may, from time to time, be designated by the Board of Directors.

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

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

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



ARTICLE XIII
SEAL

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

ARTICLE XIV
FINANCES

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts affecting the Condominium Project and its administration, and which shall specify operating expenses of the Condominium Project, including but not limited to the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their Mortgagees during normal business hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The financial statement for the Association's fiscal year shall be prepared within 90 days following the end of such fiscal year. 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 First Mortgagee and any other agency or corporation which has an interest or prospective interest in the Condominium shall be entitled to receive a copy of such annual audited financial statement within a reasonable time after the Association is provided with a written request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration. The Association shall make available for inspection upon request, during normal business hours, to Co-owners and First Mortgagees, current copies of the Condominium Documents and the rules and regulations, if any, made pursuant to Article VI, Section 2, Paragraph B.35 of these By-Laws. The Association shall make available for inspection upon request, during normal business hours, to prospective purchasers of Units current copies of the Condominium Documents, the rules and regulations, if any, made pursuant to Article VI, Section 2, Paragraph B.35 of these By-Laws, and the most recently audited financial statement of the Association.

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

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

ARTICLE XV
INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in



settlement, incurred by or imposed upon him in connection with any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he 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 in such cases where a Director or officer is adjudged guilty of wilful and wanton misconduct or gross negligence in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Co-owners thereof. Further, the Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

ARTICLE XVI COMPLIANCE

The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the Project in any manner are subject to and shall comply with the Act, as amended, the Master Deed, these By-Laws and the rules and regulations of the Association, if any, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium shall signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XVII DEFINITIONS

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

ARTICLE XVIII REMEDIES FOR DEFAULT

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

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

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

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in



addition to the rights set forth above, to enter upon the Common Elements or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

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

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

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

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

ARTICLE XIX ASSESSMENT OF FINES

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

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

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

(b) Opportunity to Defend. The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The

appearance before the Board shall be at its next scheduled meeting but in no event shall the Co-owner be required to appear less than ten (10) days from the date of the Notice.

(c) Default. Failure to respond to the notice of violation constitutes a default.

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

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

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

(b) Second Violation. A fine of Seventy-Five Dollars (\$75.00).

(c) Third Violation. A fine of One Hundred Dollars (\$100.00).

(d) Fourth Violation and Subsequent Violations. A fine of One Hundred and Fifty Dollars (\$150.00) for each violation.

The Association, acting through its Board of Directors, may increase or decrease the fine schedule set forth above by Board resolution after giving prior written notice to the Co-owners of the proposed change. The resolution and a proof of notice shall then be recorded in Washtenaw County Records and the new schedule shall be effective upon recording.

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

ARTICLE XX 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 By-Laws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action (other than one to enforce these By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners, and shall be governed by the requirements of this Article. The requirements of this Article will ensure that the Co-owners are fully informed regarding the prospects and likely costs 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 shall have standing to sue to enforce the requirements of this Article. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these By-Laws 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:

- (i) it is in the best interests of the Association to file a lawsuit;
- (ii) 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;
- (iii) litigation is the only prudent, feasible and reasonable alternative; and
- (iv) the Board 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: (i) the number of years the Litigation Attorney has practiced law; and (ii) the name and address of every condominium and homeowner association for which the Litigation Attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.

(c) 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.

(d) 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 including the Litigation Attorney's expected fees, court costs, expert witness fees, and all other expenses expected to be incurred in the civil action.

(e) The Litigation Attorney's proposed written fee agreement.

(f) 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.

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 ... 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 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 the 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 By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners. Any proxies to be voted at the Litigation Evaluation Meeting must be signed at least seven (7) days prior to the Litigation Evaluation Meeting. Notwithstanding any other provision of the Condominium Documents, no litigation shall be initiated by the Association against the Developer until such litigation has been approved by an affirmative vote of seventy-five (75%) percent of all members of the Association in number and value attained after a Litigation Evaluation Meeting held specifically for the purpose of approving such action.

Section 6. Litigation Special Assessment. All legal fees incurred in pursuit of any civil action that is subject to Sections 1 through 10 of this Article shall be paid by special assessment of the Co-owners ("Litigation Special Assessment"). The Litigation Special Assessment shall be approved at the Litigation Evaluation Meeting (or any subsequent duly called and noticed meeting) by a majority in number and in value of all Co-owners in the amount of the estimated total cost of the civil action. If the Litigation Attorney proposed by the Board of Directors is not retained, the Litigation Special Assessment shall 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, 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, 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:

- (a) the status of the litigation;
- (b) the status of settlement efforts, if any; and
- (c) the 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 attorneys' 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.

ARTICLE XXI RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or entities or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, upon the expiration of the Development and Sales Period. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to



or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other interests or easements created, excepted or 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, exception or reservation and not hereby).

ARTICLE XXII SEVERABILITY

In the event that any of the terms, provisions or covenants of these By-Laws 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.

