



CHERRY LANE CONDOMINIUMS
MASTER DEED

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THIS MASTER DEED is made and executed on this 6 day of March, 2003, by R. M. Lowry Development Company, Inc. a Michigan corporation, hereinafter referred to as the "Developer," the mailing address of which is 9644 Carpenter Road, Milan, Michigan, 48160, in pursuance of the provisions of the Michigan Condominium Act (being Act 59 of the Public Acts of 1978, as amended).

WHEREAS, the Developer desires by recording this Master Deed, together with the Bylaws attached hereto as Exhibit A and the Condominium Subdivision Plan attached hereto as Exhibit B (both of which are hereby incorporated herein by reference and made a part hereof), to establish the real property described in Article II below, together with the improvements located and to be located thereon, and the appurtenances thereto, as a residential Condominium Project under the provisions of the Act.

NOW, THEREFORE, the Developer does, upon the recording hereof, establish Cherry Lane Condominiums (hereinafter referred to as the "Condominium", "Project", or the "Condominium Project") as a Condominium Project under the Act and does declare that Cherry Lane Condominium shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of the Act, and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Master Deed, the Bylaws and the Condominium Subdivision Plan, all of which shall be deemed to run with the land and shall be a burden and a benefit to the Developer and any persons acquiring or owning an interest in the Condominium Premises and their respective successors and assigns. In furtherance of the establishment of the Condominium Project, it is provided as follows:

... COUNTY TREASURER'S
... CERTIFICATE NO. 9809



Peggy M Haines, Washtenaw DMA 5395218

ARTICLE I

TITLE AND NATURE

The Condominium shall be known as Cherry Lane Condominium, Washtenaw County Condominium Subdivision Plan No. 413. The architectural plans and specifications for each Unit constructed or to be constructed in the Condominium have been or will be filed with the City of Milan, Washtenaw County, Michigan. The Condominium is established in accordance with the Act. The Units contained in the Condominium, including the number, boundaries, dimensions, and area of each Unit therein, and the approximate location of Units not yet constructed, and the designation of Common Elements as General Common Elements or Limited Common Elements are set forth completely in the Condominium Subdivision Plan attached as Exhibit "B" hereto and/or in Article IV of this Master Deed. Each Unit is created for residential purposes and is capable of individual utilization on account of having its own entrance from and exit to a Common Element of the Condominium. Each Co-owner in the Condominium shall have an exclusive right to his Unit and shall have an undivided and inseparable interest with the other Co-owners in the Common Elements of the Condominium and shall share with the other Co-owners the Common Elements of the Condominium as provided in this Master Deed. The provisions of this Master Deed, including, but without limitation, the purposes of the Condominium, shall not be construed to give rise to any warranty or representation, express or implied, as to the composition or physical condition of the Condominium, other than that which is expressly provided herein.

ARTICLE II

LEGAL DESCRIPTION

The land that is submitted to the Condominium Project established by this Master Deed is described as follows:

Part of the Southwest ¼ of Section 35, Town 4 South, Range 6 East, City of Milan, Washtenaw County, Michigan, described as Lots 8 and 9 of "Supervisor's Plat No. 8" as recorded in Liber 10 of Plats, Page 18, Washtenaw County Records, also Lots 159 through 177, inclusive of the "North Side Addition to the Village of Milan" as recorded in Liber 4 of Plats, Page 18, Washtenaw County Records, further described as follows:

Beginning at a found iron rod at the northeast corner of Lot 176 of said "North Side Addition"; thence South 10°12'36" East along the westerly right-of-way of Ash Street a distance of 874.15 feet; thence North 61°56'00" West along the northerly right-of-way of Second Street a distance of 372.82 feet; thence North 10°15'00" West along the easterly right of way of Ann Arbor Railroad a distance of 446.74 feet; thence North 62°28'00" West continuing along said easterly right-of-way line of Ann Arbor Railroad a distance of 62.64 feet; thence North 10°15'00" West

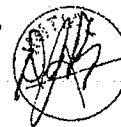


Peggy M Haines, Washtenaw DMA 5395216

continuing along the easterly right-of-way line of Ann Arbor Railroad a distance of 214.04 feet; thence North 89°00'00" East a distance of 227.26 feet; thence North 89°10'00" East a distance of 119.94 feet to the point of beginning. Containing 5.523 acres of land, more or less, and being subject to applicable zoning ordinances, restrictions of record and public utility or other easements now in use or of record.

The above legal description and measured values of bearing and distance for the overall parcel, as shown in these documents and the construction plans for this development, are based on the Certificate of Survey as developed by McNamee, Porter & Seely (now Tetra Tech) for the City of Milan, dated March 4, 1987, Survey Job No. 871517, Field Book No. 365-1, and sealed by Arvin N. Butterfield, Michigan R.L.S. No. 21561.

19-19-35-304.001



ARTICLE III

DEFINITIONS

Certain terms are utilized not only in this Master Deed and Exhibits A and B hereto, but are or may be used in various other instruments such as, by way of example and not limitation, the Articles of Incorporation and rules and regulations of the Cherry Lane Condominium Association, a Michigan non-profit corporation, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment of, or transfer of, interests in Cherry Lane Condominium as a condominium. Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

Section 1. Act. The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

Section 2. Association. "Association" means Cherry Lane Condominium Association, which is the non-profit corporation organized under Michigan law of which all Co-owners shall be members, which corporation shall administer, operate, manage, and maintain the Condominium.

Section 3. Board of Directors or Board. "Board of Directors" or "Board" means the Board of Directors of Cherry Lane Condominium Association, a Michigan nonprofit corporation organized to manage, maintain and administer the Condominium.

Section 4. Bylaws. "Bylaws" means Exhibit A hereto, being the Bylaws setting forth the substantive rights and obligations of the Co-owners and required by Section 3(8) of the Act to be recorded as part of the Master Deed. The Bylaws shall also constitute the corporate bylaws of the Association as provided for under the Michigan Nonprofit Corporation Act.



Peggy M Haines, Washtenaw DMA 6396216

Section 5. Common Elements. "Common Elements," where used without modification, means both the General and Limited Common Elements, if any, described in Article IV hereof.

Section 6. Condominium Documents. "Condominium Documents" means and includes this Master Deed and Exhibits A and B hereto, and the Articles of Incorporation and rules and regulations, if any, of the Association, as all of the same may be amended from time to time.

Section 7. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements, and structures thereon, and all easements, rights, and appurtenances belonging to Cherry Lane Condominium as described above.

Section 8. Condominium Project, Condominium, or Project. "Condominium Project," "Condominium" or "Project" each mean Cherry Lane Condominium as a Condominium Project established in conformity with the Act.

Section 9. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit B hereto.

Section 10. Consolidating Master Deed. "Consolidating Master Deed" means the final amended Master Deed which shall describe Cherry Lane Condominium as a completed Condominium. The Consolidating Master Deed shall reflect the entire land area of the Condominium and all Units and Common Elements therein, and shall express percentages of value pertinent to each Unit as finally readjusted, if applicable. Such Consolidating Master Deed, when recorded in the office of the Washtenaw County Register of Deeds, shall supersede the previously recorded Master Deed for the Condominium and amendments thereto.

Section 11. Construction and Sales Period. "Construction and Sales Period," for the purposes of the Condominium Documents and the rights reserved to the Developer thereunder, means the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any Unit which it offers for sale.

Section 12. Co-owner or Owner. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Units in the Condominium Project. The term "Owner," wherever used, shall be synonymous with the term "Co-owner."

Section 13. Developer. "Developer" means R. M. Lowry Development Company, Inc., a Michigan corporation, which has made and executed this Master Deed, and its successors and assigns. Both successors and assigns shall always be deemed included within the term "Developer" whenever, however and wherever such term is used in the Condominium Documents.



Section 14. Environmental Reports. Any and all reports maintained at the offices of the City of Milan, the MDEQ, and the Developer, which document the process of obtaining the Brownfields Redevelopment Grant issued by the State of Michigan, which assisted the Developer and the City in remediating the site, in order to make it suitable for residential reuse.

Section 15. First Annual Meeting. "First Annual Meeting" means the initial meeting at which non-developer Co-owners are permitted to vote for the election of all Directors and upon all other matters that properly may be brought before the meeting. Such meeting is to be held (a) in the Developer's sole discretion after 50% of the Units are conveyed, or (b) mandatorily within (i) 54 months from the date of the first Unit conveyance, or (ii) 120 days after 75% of all Units are conveyed, whichever first occurs.

Section 16. Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes that may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes that may be cast by the Developer.

Section 17. Unit or Condominium Unit. "Unit" or "Condominium Unit" each mean the enclosed space constituting a single complete residential Unit in Cherry Lane Condominium, as such, space may be described in the Condominium Subdivision Plan, and shall have the same meaning as the term "Condominium Unit" as defined in the Act.

Other terms which may be utilized in the Condominium Documents and which are not defined herein above shall have the meanings as provided in the Act.

Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference to the plural shall also be included where the same would be appropriate and vice versa.

ARTICLE IV

COMMON ELEMENTS

The Common Elements of the Project, described in Exhibit B attached hereto, and the respective responsibilities for maintenance, decoration, repair or replacement thereof, are as follows:

Section 1. General Common Elements. The General Common Elements are:

- (a) Land. The land described in Article II hereof, including the easement interests of the Condominium in the land provided to it for ingress and egress, if any, and other common areas when included as part of the Condominium.



(b) Electrical. The electrical transmission system throughout the Project to the extent that it serves all Units up to the electrical meter for each Unit as shown on Exhibit B.

(c) Telecommunications. The telephone, cable television, and/or telecommunication system throughout the Project to the extent that it serves all Units up to the point of entry to each Unit as shown on Exhibit B.

(d) Gas. The gas distribution system throughout the Project to the extent that it serves all Units up to the gas meter for each Unit as shown on Exhibit B.

(e) Water. The water distribution system throughout the Project, including the easements, land, lawn irrigation system, controls, meter, and appurtenances for that system, up to the water meter for each Unit as shown on Exhibit B.

(f) Sanitary Sewer. The sanitary sewer system, including, if any, easements, land, control systems, pumps, and related assets and appurtenances, throughout the Project to the extent that it serves all Units up to the point of connections for individual Unit service as shown on Exhibit B.

(g) Privacy Fence. The privacy area along the perimeter of the Condominium.

(h) Storm Sewer System. The storm sewer system, including retention and detention areas and easements, throughout the Condominium as shown on Exhibit B.

(i) Entry Sign. The entry sign and any landscaping and/or lighting that may be installed therewith.

(j) Street Lighting. Any lights designed to provide illumination for the Condominium Premises as a whole.

(k) Easements. All beneficial easements that may exist or may be created in the Master Deed, including those shown on Exhibit B hereof, or otherwise for the benefit of all Units.

(m) Other. Such other elements of the Project not herein designated as General or Limited Common Elements which are not enclosed within the boundaries of a Unit, and which are intended for common use or are necessary to the existence, upkeep and safety of the Project.



Some or all of the utility lines, systems (including mains and service leads) and equipment and the water system described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility lines, systems and equipment, and the water system, shall be General Common Elements only to the extent of the Co-owners' interest therein, if any, and the Developer makes no warranty whatever with respect to the nature or extent of such interest, if any.

Section 2. Limited Common Elements. Limited Common Elements shall be subject to the exclusive use and enjoyment of the Owner of the Unit to which the Limited Common Elements are appurtenant. The Limited Common Elements are:

- (a) Unit. The residential unit and the land in the Project designed and intended for separate ownership and use as described in the Condominium Subdivision Plan.
- (b) Appurtenances to be Constructed. Any other appurtenances or areas for individual Units which are constructed pursuant to the Condominium documents shall be limited in use to the Co-owner of the Unit to which it is appurtenant to.
- (c) Driveways. Driveways serving the residence constructed to serve one or more individual Units, to the extent located outside the boundaries of the Condominium Unit.
- (d) Utility Services. The pipes, ducts, wiring, lines, conduits and other appurtenances supplying electricity, gas, telephone, cable, and/or other utility service to a Unit, from the point of connection with a General Common Element.

Section 3. Responsibilities. The respective responsibilities for the maintenance, decoration, repair and replacement of the Units and the General and Limited Common Elements are as follows:

- (a) General Common Elements. The costs of maintenance, decoration, repair and replacement of all General Common Elements shall be borne by the Association, subject to any provisions of the Bylaws (Exhibit "A" hereto) expressly to the contrary.
- (b) Public Utilities. Public utilities furnishing services such as electricity and telephone to the Condominium shall have access to the Common Elements and Condominium Units as may be reasonable for the reconstruction, repair or maintenance of such services, and any costs incurred in opening and repairing any wall of the Condominium to reconstruct, repair or maintain such service shall be borne by the



individual Co-owners and/or by the Association, as the case may be, as set forth in the provisions of this Article IV, Section 3.

- (c) Storm Sewer. The costs of maintenance, repair and replacement of the storm sewer system shall be borne by the Association.
- (d) Limited Common Elements. The costs of maintenance, decoration, repair and replacement of all Limited Common Elements shall be borne by the Co-owner, in accordance with the provisions of the Bylaws and subject to any provisions of the Bylaws (Exhibit "A" hereto) expressly to the contrary.
- (e) Condominium Units. Subject to the Condominium Documents and the regulations and standards in the City of Milan Zoning Ordinance, each Co-Owner shall be responsible for the decorating, maintaining, repairing or replacing each and every part of the Unit, together with all improvements thereon, along with any portion of the yard of the Co-Owner which is located within the right-of-way of any road, except those portions of any easement or right-of-way situated within the Condominium which exists primarily for the benefit of persons other than the Co-Owner.
- (g) Failure of Co-owner to Perform Maintenance Responsibilities. In the event a Co-owner fails to maintain, decorate, repair or replace any items for which he/she is responsible, the Association (and/or the Developer during the Development and Sales Period) shall have the right, but not the obligation, to take whatever action or actions it deems desirable to so maintain, decorate, repair, or replace those items all at the expense of the Co-owner. Such right shall be conditioned upon 10 days advance written notice to the Co-owner of the intention to take such action. Failure of the Association (or the Developer) to take such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time, nor shall the Developer or the Association be liable to any Co-owner or any other person for failure to take such action. The Developer and the Association shall have easements in furtherance of the rights accorded them hereunder as set forth in this Master Deed and no exercise of such rights shall be deemed to be a trespass or other infringement of the rights of any Co-owner, lessee or other person and shall not render the Developer or the Association liable to any person whatsoever on account of such exercise. All costs incurred by the Association or the Developer in performing any responsibilities under this Article which are required in the first instance to be borne by any Co-owner shall be assessed against such Co-owner and shall be due and payable with his monthly assessment next falling due; further, the lien for non-payment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the Condominium Documents and by law for the collection of regular assessments including, without limitation, legal action,



foreclosure of the lien securing payment and imposition of fines. Any costs becoming assessable hereunder shall include not only the direct costs of such maintenance, repair, replacement, or decoration, but shall also include attorneys fees and costs and such reasonable indirect costs as are determined, in the discretion of the assessing party, to have been incurred by it in taking such action.

Section 4. Use of Units and Common Elements. No Co-owner shall use his Unit or the Common Elements in any manner inconsistent with the purposes of the Condominium or in any manner which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of his Unit or the Common Elements.

ARTICLE V

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

Section 1. Description of Units. Each Unit is described in this paragraph with reference to the Condominium Subdivision Plan of the Cherry Lane Condominium Project as prepared by Thomas DuBose and Associates, Inc. and which plan is attached hereto as Exhibit "B". Each Unit is designed as a separate building site to contain a residential structure and related appurtenances and shall include all of the space located within the horizontal and vertical Unit boundaries, as depicted on Exhibit "B" hereto. There are sixty (60) Units in the Condominium and this number shall not be increased without the specific approval from the City of Milan. No approval of the Co-owners, mortgages of the Units, or any other person, except the City of Milan and the Developer shall be required for such increase. All such interested persons irrevocably appoint the Developer as agent and attorney in fact for the purpose of execution of such amendments to this Master Deed and all other documents necessary to effectuate the foregoing. Easements for the existence, maintenance and repair of all such structural components shall exist for the benefit of the Association.

Section 2. Percentages of Value. The total percentage of value is 100%. The percentage of value assigned to each Unit is equally divided between the sixty (60) units in the Condominium Project and are determinative of each Co-owner's undivided interest in the Common Elements and proportionate share of each respective Co-owner's vote at meetings of the Association of Co-owners.

Section 3. Modification of Units and Common Elements by Developer. Subject to the regulations and standards in the City of Milan Zoning Ordinance, the size, location, nature, design or elevation of Units and/or General or Limited Common Elements appurtenant or geographically proximate to any Units described in Exhibit "B" as same may be revised or amended from time to time, may be modified, in Developer's sole discretion, by amendment to this Master Deed effected solely by the Developer and its successors without the consent of any person so long as such modifications do not unreasonably impair or diminish the appearance of the Condominium or the privacy or other significant attribute or amenity of any Unit which adjoins or is proximate to the



modified Unit or Limited Common Element. All of the Co-owners and mortgages of Units and other persons interested or to become interested in the condominium from time to time shall be deemed to have unanimously consented to such amendment or amendments to this Master Deed to effectuate the foregoing. All such interested persons irrevocably appoint Developer or its successors and assigns as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing.

ARTICLE VI

CONTRACTION OF CONDOMINIUM

Section 1. Contractable Area. Although the Condominium established pursuant to this Master Deed of Cherry Hill Condominium consists of sixty (60) Units, the Developer hereby reserves the right, subject to the approval of City of Milan, to contract the size of the Condominium so as to contain twelve (12) Units or more, by withdrawing Buildings B through E from the Condominium (labeled "need not be built" on the Condominium Subdivision Plan attached hereto as Exhibit "B" and hereinafter referred to as "Contractable Area"). Developer further reserves the right, subsequent to such withdrawal by prior six (6) years from the date of recording this Master Deed, to expand the Project so reduced to include all or any portion of the land so withdrawn.

Section 2. Decrease in Number of Units. Any other provision of this Master Deed to the contrary notwithstanding, the number of Units in this Condominium Project may, at the option of the Developer or its successors or assigns, from time to time, within a period no later than six (6) years from the date of recording this Master Deed, be reduced to no less that twelve (12) Units by withdrawing any portion, or all, of the Contractable Area from the Condominium, subject to the approval of the City of Milan. This period may be extended with the prior approval of sixty-six and two-thirds percent (66-2/3%) of all Co-owners in number and in value who are eligible to vote. There are no restrictions on the election of the Developer to contract the size of the Condominium other than as explicitly set forth herein. There is no obligation on the part of the Developer to withdraw portions of the Contractable Area from the Condominium in any particular order.

Section 3. Decrease in the General Common Elements. Any other provision of this Master Deed to the contrary notwithstanding, the nature, amount, and location of the General Common Elements may, at the option of the Developer or its successors or assigns, from time to time, within a period no later than six (6) years from the date of this Master Deed, be reduced by withdrawing any portion, or all, of the Contractable Area from the Condominium, subject to the approval of the City of Milan.

Section 4. Amendment of Master Deed and Modification of Percentages of Value. Such reduction in size of this Condominium Project shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the discretion of the



Developer, or its successors and assigns, and in which the percentages of value set forth in Article V hereof shall be proportionately readjusted in order to preserve a total value of one hundred percent (100%) for the entire Condominium resulting from such amendment or amendments to this Master Deed. The precise determination of the readjustment in the percentages of value shall be made within the sole judgment of Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among percentages of value based upon the method of original determination of percentages of value for the condominium.

Section 5. Redefinition of Common Elements. Such amendment or amendments to the Master Deed shall also contain such further definitions and redefinitions of General or Limited Common Elements as may be necessary to adequately describe, serve and provide access to the parcel or parcels being withdrawn from the Condominium by such amendment and/or to adequately describe, serve and provide access to the remaining portion of the Condominium. In connection with any such amendment(s), Developer shall have the right to change the nature of any Common Element previously included in the Condominium for any purpose reasonably necessary to achieve the purposes of this Article, including, but not limited to, the connection of roadways in the Condominium to any roadways that may be located on, or planned for the parcel or parcels of the Contractable Area withdrawn from the condominium, and to provide access to any Unit that is located on, or planned for said parcel or parcels of the Contractable Area so withdrawn from the roadways located in the remaining portion of the Condominium.

Section 6. Consent of Interested Persons. All of the Co-owners and mortgaged of Units and other persons interested or to become interested in the Condominium from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments to this Master Deed to effectuate the foregoing and to any proportionate reallocation of percentages of value of existing Units which Developer or its successors and assigns may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer or its successors and assigns as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording the entire Master Deed of the Exhibits hereto and may incorporate by reference the entire Master Deed and the Exhibits hereto. These provisions hereby give notice to all persons acquiring interest in the Condominium that such amendment of the Master Deed may be made and recorded and no further notice of such amendment shall be required.

ARTICLE VII

CONVERTIBLE AREAS

Section 1. Designation of Convertible Areas. The Units and all Common Elements are designated as Convertible Areas.



Section 2. The Developer's Right to Modify Units and Common Elements. The Developer reserves the right, in its sole discretion, during a period ending six years from the date of recording of the Master Deed to modify the size, location, design or elevation of Units and or Common Elements appurtenant or geographically proximate to such Units.

Section 3. Compatibility of Improvements. All improvements constructed as a result of conversion, shall be reasonably compatible with the structures on other portions of the Condominium Project. No improvements, other than as above indicated may be created as a result of conversion.

Section 4. Amendment of Master Deed. Any conversion of Unit space or Common Elements shall be given effect by appropriate amendments to this Master Deed in the manner provided by law, which amendments shall be prepared by and at the discretion of the Developer. The percentages of value will not change as a result of any conversion. Such amendments to the Master Deed shall also contain such further definitions and re-definitions of Common Elements as is reasonably necessary.

Section 5. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed by the Developer to effectuate the purposes of this Article. All such interested persons irrevocably appoint the Developer as agent and attorney for the purpose of execution of such amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of re-recording the entire Master Deed or the Exhibits hereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits hereto.

ARTICLE VIII

EASEMENTS

Section 1. Easement for Maintenance of Encroachments and Utilities. In the event any improvements located on a Unit encroach upon a Common Element, easements shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for the maintenance, repair and replacement thereof following damage or destruction.

Section 2. Easements Granted by Developer. The Developer reserves the right at any time during the Construction and Sales Period to grant easements for utilities over under and across the Condominium to appropriate governmental agencies or public utility companies and to transfer title of utilities to governmental agencies or to utility companies. Any such easement or transfer of title may be conveyed by the Developer without the consent of any Co-owner, mortgagee or other person and shall



be evidenced by an appropriate amendment to this Master Deed and to Exhibit B hereto recorded in the Washtenaw County Records. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be required to effectuate the foregoing grant of easement or transfer of title.

Section 3. Grant of Easements by Association. The Association, acting through its lawfully constituted Board of Directors (including any Board of Directors acting prior to the Transitional Control Date) shall be empowered and obligated to grant such easements, licenses, rights-of-entry and rights-of-way over, under, and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium, subject, however, to the approval of the Developer during the Construction and Sales Period.

Section 4. Easements for Maintenance, Repair, and Replacement. The Developer, the Association, and all public or private utility companies shall have such easements over, under, across, and through the Condominium Premises, including all Units and Common Elements as may be necessary to develop, construct, market and operate any Units within the land described in Article II hereof, and also to fulfill any responsibilities of maintenance, repair, decoration or replacement which they or any of them are required or permitted to perform under the Condominium Documents or by law. These easements include, without any implication of limitation, the right of the Association to obtain access during reasonable hours and upon reasonable notice to water meters, sprinkler controls, valves, and other Common Elements located within any Unit or its appurtenant Limited Common Elements.

Section 5. Telecommunications Agreements. The Association, acting through its duly constituted Board of Directors and subject to the Developer's approval during the Construction and Sales Period, shall have the power to grant such easements, licenses and other rights of entry, use and access and to enter into any contract or agreement, including wiring agreements, right-of-way agreements, access agreements and multi-unit agreements and, to the extent allowed by law, contracts for sharing of any installation or periodic subscriber service fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, earth antenna and similar services (collectively "Telecommunications") to the Project or any Unit therein. Notwithstanding the foregoing, in no event shall the Board of Directors enter into any contract or agreement or grant any easement, license or right of entry or do any other act or thing which will violate any provision of any federal, state or local law or ordinance. Any and all sums paid by any telecommunications or other company or entity in connection with such service, including fees, if any, for the privilege of installing same or sharing periodic subscriber service fees, shall be receipts affecting the administration of the Condominium Project within the meaning of the Act and shall be paid over to and shall be the property of the Association.



Section 6. Easement for City Maintenance. All costs of maintenance, repair and replacement of the roads, open areas and the storm water drainage system servicing the Condominium shall be borne by the Association and the Association shall at all times keep such system in good repair and in accordance with the standards of the City of Milan as may be imposed from time to time. In the event that the Association shall at any time fail to carry out the responsibilities specified above, and/or in the event of a failure to maintain such areas or facilities in reasonable order and condition, the City may serve written notice upon the Association setting forth in the deficiencies and proceed in the manner set forth below, and the Developer does hereby grant to the City a perpetual non-exclusive easement over the Condominium as may be reasonably necessary in order to exercise its rights hereunder. In the event that the Association shall at any time fail to properly maintain the roads, open areas and storm water drainage system or to pay the water/sewer bill for the Common Elements, the City may serve written notice upon the Association setting forth the deficiencies and maintenance and/or payment. The notice shall include a demand that the deficiencies be cured within a stated reasonable time period, and the date, time and place of hearing before the City Council or such other body or official delegated by the City Council for the purpose of allowing the Association to be heard as to why the City should not proceed with the maintenance which has not been undertaken. At the hearing, the time for curing the deficiencies, and the hearing itself may be extended and/or continued to a date certain. If, following the hearing, the City Council, or other body or official designated to conduct the hearing shall determine that maintenance has not been undertaken within the time specified in the notice, the City shall thereupon have the power and authority, but not the obligation to enter upon the Condominium or cause its agents or contractors to enter upon the Condominium and perform such maintenance as reasonably necessary and appropriate. The costs and expenses of making and financing such maintenance, including the cost of notices by the City and reasonable legal fees incurred by the City plus an administrative fee in the amount of five percent (5%) of the total of all costs and expenses incurred, shall be paid by the Association, and such amounts shall constitute a lien against all of the Units on a pro-rata basis. The City may require the payment of such monies prior to the commencement of work. If such costs and expenses have not been paid within thirty (30) days following the submission of a bill by the City to the Association, all unpaid amounts may be placed on the tax roll of the City pro-rata as to each Unit, and shall accrue interest and penalties, deemed to be a real property tax, and shall be collected in accordance with and according to the law made and provided for the collection of real property taxes. In the discretion of the City, such costs and expenses may be collected by suit initiated against the Association, and in such event, the Association shall pay all court costs and reasonable attorney fees incurred by the City in connection with such suit.

ARTICLE IX

AMENDMENT

This Master Deed and the Condominium Subdivision Plan may be amended with the consent of 66-2/3% of the Co-owners, except as hereinafter set forth:



Section 1. Modification of Units or Common Elements. No Unit dimension may be modified in any material way without the consent of the Co-owner and mortgagee of such Unit nor may the nature or extent of Limited Common Elements or the responsibility for maintenance, repair or replacement thereof be modified in any material way without the written consent of the Co-owner and mortgagee of any Unit to which the same are appurtenant, except as otherwise expressly provided in this Master Deed or in the Bylaws to the contrary.

Section 2. Mortgagee Consent. Whenever a proposed amendment would materially alter or change the rights of mortgagees generally, then such amendment shall require the approval of 66-2/3% of all first mortgagees of record, allocating one vote for each mortgage held.

Section 3. By Developer. The Developer may, without the consent of any Co-owner or any other person, amend this Master Deed and the Condominium Subdivision Plan attached as Exhibit B in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the Bylaws attached hereto as Exhibit A as do not materially affect any rights of any Co-owners or mortgagees in the Project.

Section 4. Change in Percentage of Value. The value of the vote of any Co-owner and the corresponding proportion of common expenses assessed against such Co-owner shall not be modified without the written consent of such Co-owner and his mortgagee, nor shall the percentage of value assigned to any Unit be modified without like consent, except as provided in this Master Deed or in the Bylaws.

Section 5. Termination, Vacation, Revocation or Abandonment. The Condominium Project may not be terminated, vacated, revoked, or abandoned without the written consent of the Developer, 80% of non-developer Co-owners, and 80% of first mortgagees.

Section 6. Developer Approval. During the Construction and Sales Period, the Condominium Documents shall not be amended nor shall the provisions thereof be modified by any other amendment to this Master Deed without the written consent of the Developer.

Section 7. Amendments for Secondary Market Purposes. The Developer or Association may amend the Master Deed or Bylaws to facilitate mortgage loan financing for existing or prospective Co-owners and to enable the purchase or insurance of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans Administration, the Department of Housing and Urban Development, Michigan State Housing Development Authority or by any other institutional participant in the secondary mortgage market which purchases or insures mortgages. The foregoing amendments may be made without the consent of Co-owners or mortgagees.



Section 8. City Approval. Notwithstanding anything to the contrary in this Article IX, neither the Developer nor the Association shall, without the prior written consent of the City of Milan amend or terminate any provisions of Article VIII, Section 6 or otherwise amend or terminate any provisions of this Master Deed or Bylaws which by their terms require that the Association or Co-owners obtain the consent or permission of the City or which expressly benefit the City.

ARTICLE X

ASSIGNMENT

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing duly recorded in the office of the Washtenaw County Register of Deeds.

**R.M. LOWRY DEVELOPMENT
COMPANY, INC.,** a Michigan
Corporation

By: Michael Lowry
R. Michael S. Lowry
Its: President

STATE OF MICHIGAN)
) ss
COUNTY OF WASHTENAW)

On this 5th day of March, 2003, the foregoing Master Deed was acknowledged before me by R. Michael Lowry, President, of R. M. Lowry Development Company, Inc., a Michigan corporation, on behalf of the corporation.

Judith K. Van Amburg
Judith K. Van Amburg, Notary Public
Washtenaw County, Michigan
My Commission Expires: 11/16/05

**DRAFTED BY AND WHEN
RECORDED RETURN TO:**
Kimberly J. Bowlin, Esq. ✓
Fausone, Taylor & Bohn, LLP
41820 West Six Mile Road, Suite 103
Northville, MI 48167
(248) 380-0000



Peggy M Haines, Washtenaw DMA 5395216

EXHIBIT A

CHERRY LANE CONDOMINIUM

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

Cherry Lane Condominium, 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 Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his 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, mortgagees 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) Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in and manner of a Unit Co-owner's obligation to pay the allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Co-owner shall continue to pay each monthly or other periodic installment at the monthly or periodic rate established for the previous fiscal year until notified of the monthly or periodic payment which is due more than ten (10) days after such new annual or adjusted budget is adopted. An adequate reserve fund for maintenance, repair and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below rather than by additional or special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this Section may prove to be inadequate for this particular Condominium, the Association of Co-owners should carefully analyze the Condominium to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. The funds contained in such reserve fund shall be used for major repairs and replacements of Common elements. The Board of Directors may establish such other reserve funds as it may deem appropriate from time to time. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the delivery of a copy of the budget to each Co-owner shall not affect the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation, management, maintenance and capital repair of he Condominium, (2) to provide replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding Five Thousand Dollars (\$5,000.00), in the



aggregate, annually, or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment without the Co-owner approval as it shall deem to be necessary. The Board of Directors shall also have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 5 hereof. The discretionary authority of the Board of Directors to levy general, additional or special assessments pursuant to this subsection shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

- (b) Special Assessments. Special assessments, other than those referenced in subsection (a) of this Section 2, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of and aggregate cost exceeding \$5,000.00 per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere hereon described. Special assessments referred to in this subsection (b) (but not including those assessments referred to in subsection 2(a) above which may be levied in the sole discretion of the Board of Directors) shall not be levied without prior approval of more that sixty percent (60%) of all Co-owners, in number and in value. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof.
- (c) Apportionment of Assessments. All assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with each Co-owner's proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in periodic monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means.

Section 3. Apportionment of Assessments; Default in Payment. Unless otherwise provided herein, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article V of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common



Elements appurtenant to a Unit. Any unusual expenses of administration which benefit less than all of the Condominium Units in the Condominium may be specially assessed against the Condominium Unit or Condominium Units in the proportion which the percentage of value of the benefited Condominium Unit bears to the total percentages of value of all Condominium Units so specially benefited. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by the Co-owners in twelve (12) equal monthly installments, commencing with acceptance of a Deed to, or a land contract purchaser's interest in, a Unit, or with the acquisition of fee simple titles to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. A late charge in the amount of \$10.00 per month, or such other amount as may be determined by the Board of Directors, effective upon fifteen (15) days notice to members of the Association, shall be assessed automatically by the Association upon any assessment in default until paid in full. Such late charges shall not be deemed to be a penalty or interest upon the funds due to the Association but is intended to constitute a reasonable estimate of the administrative costs and other damages incurred by the Association in connection with the late payment of assessments. Assessments in default shall bear interest at the rate of seven (7%) percent per annum or installments of assessments in default shall be applied first, to any late charges on such installments; second, to costs of collection and enforcement of payment, including reasonable attorney's fees as the Association shall determine in its sole discretion and finally to installments in default in order of their due dates, earliest to latest.

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

Section 4. Waiver of Use or Abandonment of Unit; Uncompleted Repair Work. 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, or because of uncompleted repair work, or the failure of the Association to provide service to the Condominium.

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



owner, and every person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-owner and every person who from time to time has any interest in the Condominium, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessments(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. The association, acting on behalf of all Co-owners, may bid in at the foreclosure sale, and acquire, hold, lease, mortgage or convey the Condominium Unit. Each Co-owner of a Unit in the Condominium acknowledged that at the time of acquiring title to such Unit, he was notified of the provisions of this Section and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or her last known address of a written notice that one or more installments of the annual assessment and/or a portion or all of a special or additional assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written Affidavit of an authorized representative of the Association that sets forth (i) the Affiant's capacity to make the Affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such Affidavit shall be recorded in the office of the Register of Deeds in the County in which the Condominium is located prior to commencement of any foreclosure proceeding; but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the Co-owner and shall inform the Co-owner that he may request a judicial hearing by bringing suit against the association. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's fees (not limited to statutory fees) and advances for taxes of other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default and shall be secured by the lien on his Unit. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his Unit, or any other obligation of a Co-owner which, according to these Bylaws, may be assessed and collected from the responsible Co-owner in the manner provided in Article II hereof, the Association shall have the right to declare all unpaid installments of the annual



assessment, if applicable, immediately due and payable. The Association also may discontinue the furnishing of any utility of other services to a Co-owner in default upon seven (7) days written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Condominium, shall not be entitled to vote at any meeting of the Association, or sign any petition for any purpose prescribed by the Condominium Documents or by law, and shall not be entitled to run for election or serve as a director or be appointed or serve as an officer of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him as provided by the Act.

Section 6. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Condominium which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgage Unit).

Section 7. Developer's Responsibility For Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the Association assessments, except with respect to occupied Units that it owns. An occupied Unit is one which is occupied as a residence. The Developer shall independently pay all direct costs of maintaining completed Units for which it is not required to pay Association assessments and shall not be responsible for any payments whatsoever to the Association connection with such Units. A completed Unit is one with respect to which a Certificate of Occupancy has been issued by the City of Milan. Certificates of Occupancy may be obtained by the Developer at such times prior to actual occupancy as the Developer, in its discretion, may determine. For instance, the only expense presently contemplated that the Developer might be expected to pay is a pro rata share of snow removal and other maintenance from time to time as well as a pro rata share of any administrative costs which the Association might incur from time to time. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. The Developer shall not be responsible at any time for payment of Condominium assessments or payment of any expenses whatsoever with respect to unbuilt Units notwithstanding the fact that such unbuilt Units may have been included in the Master Deed. Notwithstanding the foregoing, the Developer shall be responsible to fund any deficit or shortage of the Association arising prior to the date of the First Annual Meeting resulting from the Developer's responsibility for assessments, as provided in the Section. The Developer shall, in no event, be liable for any assessment levied in whole or in part to purchase any Unit or to finance any litigation or other claims against the Developer, its directors, officers, agents, principals, assigns, affiliates and/or



the first Board of Directors of the Association or any directors of the Association appointed by the Developer, or any cost of investigating and preparing such litigation or claim or any similar or related costs.

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

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

Section 10. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 126 of the Act.

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

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 the Co-owners and the



Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration. Any Agreement to arbitrate pursuant to the provisions of Article III, Section 1 shall include an agreement between the parties that the judgment of any Circuit Court of the State of Michigan may be rendered upon any award rendered pursuant to such arbitration.

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

Section 3. Election of Remedies. Such election and written consent by Co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

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

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall carry a standard "all risk" insurance policy, which includes, among other things, fire and extended coverage, vandalism and malicious mischief and liability insurance, and worker's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements of the Condominium, and such insurance, other than title insurance, shall be carried and administer in accordance with the following provisions:

- (a) Responsibilities of Association and of Co-owners. All such insurance shall be purchased by the Association for the benefit of the Association, 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 mortgagee of Co-owners. Each Co-owner shall obtain insurance coverage at his own expense upon his Unit and appurtenant Limited Common Elements. It shall be Co-owner's responsibility to determine by personal investigation or from his own insurance advisor the nature and extent of insurance coverage adequate to recompense him for his foreseeable losses and thereafter to obtain insurance coverage for his personal property and any additional fixtures, equipment and trim (as referred to in subsection (b) below) located within his Unit or elsewhere on the Condominium and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit and also for alternative living expense in the event of fire, and the Association shall have absolutely no responsibility for obtaining such coverages. Each Co-owner shall file a copy of such insurance policy, or policies, including all endorsements thereon, or, in the Association's discretion, certificates of insurance or other satisfactory evidence of insurance, with the Association in order that the Association may be assured that such insurance coverage is in effect. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association. The liability insurance carried by the Association and the Co-owners shall, where appropriate, contain cross-liability endorsements to cover liability of the Co-owners as a group to another Co-owner.

- (b) Insurance of Common Elements. All Common Elements of the Condominium shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total Project destruction if the insurance proceeds failed for some reason, to be equal to the total cost of replacement). All information in the Association's records regarding insurance coverage shall be made available to all Co-owners upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting, to change the nature and



extent of any applicable coverages, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-owners of the nature and extent of all changes in coverages. Such coverage may also include interior walls within any Unit and the pipes, wired, conduits and ducts contained therein and may further include all fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accord with the plans and specification thereof as are on file with the Township (or such replacements thereof as do not exceed the cost of such standard items). It shall be each Co-owner's responsibility to obtain insurance coverage for all fixtures, equipment, trim and other items or attachments within the Unit or any Limited Common Elements appurtenant thereto which were installed in addition to said standard items (or as replacements for such standard items to the extent that replacement cost exceeded the original cost of such standard items) whether installed originally by the Developer or subsequently by the Co-owner, and the Association shall have no responsibility whatsoever for obtaining such coverage unless agreed specifically and separately between the Association and the Co-owner in writing; provided, however, that any such agreement between the Association and the Co-owner shall provide that any additional premium cost to the Association attributable thereto shall be assessed to and borne solely by said Co-owner and collected as part of the assessments against said Co-owner under Article II hereof. This provision shall not preclude the Association from obtaining such coverage on its own initiative.

- (c) Premium Expenses. All premiums on insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.
- (d) Proceeds of Insurance Policies. 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, that the Co-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided an Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring the repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than repair, replacement or reconstruction of the Condominium unless all of the institutional holders of first mortgages on Units in the Condominium have given their prior written approval.
- (e) Determination of Primary Carrier. It is understood that there will be overlapping coverage between the Co-owners' policies and those of the Association, as required to be carried pursuant to this Article. In situations where both coverages/policies are applicable to a given loss, the provisions of this subsection shall control in determining the primary carrier. In cases



of property damage to the Unit and its contents or a Limited Common Element for which the Co-owner is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of the Master Deed (including improvements and betterments), the Co-owner's policy/carrier shall be deemed to be the primary carrier. In cases of property damage to the General Common Elements or a Limited Common Element for which the Association is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of the Master Deed, the Association's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the Unit or in/upon a Limited Common Element for which the Co-owner is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of the Master Deed (including improvements and betterments), the Co-owner's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the General Common Elements or in/upon a Limited Common Element for which the Association is assigned responsibility for maintenance, repair and replacement pursuant to the provisions of the Master Deed (including improvements and betterments), the Association's policy/carrier shall be deemed to be the primary carrier. In all cases where the Association's policy/carrier is not deemed the primary policy/carrier, if the Association's policy/carrier contributes to payment of the loss, the Association's liability to the Co-owner shall be limited to the amount of the insurance proceeds, and shall not in any event require or result in the Association paying or being responsible for any deductible amount under its policies. In cases where the Co-owner's policy is deemed primary for the purpose of covering losses where the damage is incidental or caused by a General Common Element or the repair or replacement thereof, the insurance carrier of the Co-owner shall have no right of subrogation against the Association or its carrier.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workers' compensation insurance, if applicable, pertinent to the Condominium, his Unit and the Common Elements appurtenant thereto with such insurer as may, from time to time, provide such insurance for the Condominium. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute same to the Association, the Co-owner and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owners and the



Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Determination to Reconstruct or Repair. If any part of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(a) Partial Damage. If the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenatable, unless it is determined by a unanimous vote of all the Co-owners in the Condominium that the Condominium shall be terminated and each institutional holder of a first mortgage lien on any Unit in the Condominium has given its prior written approval for such termination.

(b) Total Destruction. In the event the Condominium is so damaged that no Unit is tenatable, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless eighty percent (80%) or more of all Co-owners, in number and in value, agree that the reconstruction by vote or in writing within ninety (90) days after the destruction and such termination shall also have received the approval of at least fifty one percent (51%) of those holders of first Association to notify them of any proposed action that requires the consent of a specified percentage of first mortgagees.

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

Section 3. Co-owner and Association Responsibilities. In the event the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association in accordance with Section 5 of this Article V.

Section 4. Co-owner Responsibility for Repair. Regardless of the cause or nature of any damage or deterioration, including but not limited to incidents where the damage is incidental or caused by a General Common Element or the repair or replacement thereof, each Co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his Unit, including, but not limited to, windows and doors, floor coverings, wall coverings, window shades, draperies, interior walls, interior trim, furniture, light fixtures and all appliances, whether free standing or built-in. In the event that damage to interior