

**CONDOMINIUM BYLAWS  
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**EXHIBIT A**  
**CONDOMINIUM BYLAWS FOR MONARCH ESTATES CONDOMINIUM**

**ARTICLE I**  
**ASSOCIATION OF CO-OWNERS**

Section 1. The Association. Monarch Estates Condominium, a residential Condominium located in the Township of Macomb, Macomb County, Michigan, shall be administered by an association of Co-owners, which shall be a nonprofit 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, subject to and in accordance with the Master Deed, these Bylaws, the Articles of Incorporation, duly adopted Rules and Regulations of the Association (sometimes collectively referred to herein as the "Condominium Documents"), and the laws of the State of Michigan. All Co-owners in the Condominium and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the Condominium Documents.

Section 2. Purpose of Bylaws. These Bylaws are designated as both the Condominium Bylaws, relating to the manner in which the Condominium and the common affairs of the Co-owners of the Units shall be administered, as required by Act No. 59 of the Public Acts of Michigan of 1978, as amended, and the Association or Corporate Bylaws, governing the operation of the Association as a corporate entity, as required by Act No. 162 of the Public Acts of Michigan of 1982, as amended.

**ARTICLE II**  
**ASSESSMENTS**

Section 1. Taxes and Assessments; Expenses of Administration. 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. Governmental special assessments and property taxes shall be assessed against the individual Units identified as Units on the Condominium Subdivision Plan and not on the total property of the Condominium or any other part thereof. Governmental special assessments and property taxes in any year in which the property existed as an established Condominium on the tax day shall be assessed against the individual Unit, notwithstanding any subsequent vacation of the Condominium. The levying of all property taxes and governmental special assessments shall comply with Section 131 of the Condominium Act.

Section 2. Expenses and Receipts of Administration. All costs incurred by the Association in satisfaction of any liability arising within, caused by or in connection with the Common Elements or the administration of the Condominium shall be expenses of administration, and all sums received as proceeds of, or pursuant to any policy of insurance carried by the Association securing the interests of the Co-owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of the Condominium shall be receipts of administration, within the meaning of Section 54(4) of the Condominium Act, except as modified by the specific assignment of responsibilities for costs contained in Article IV of the Master Deed.

Section 3. 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 that may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Any budget adopted shall include an allocation to a reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis, in accordance with subsection D hereof. 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 the year shall be established based upon that budget, although the 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. Failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a 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 Co-owner shall continue to pay each installment at the rate established for the previous fiscal year until notified of any change in the installment payment which shall not be due until at least ten (10) days after such new annual or adjusted budget is adopted. Co-owners shall have a ten (10) day grace period commencing with notice from the Board of Directors in which to submit their new or adjusted assessment payment.

B. Additional Assessments. The Board of Directors shall have the authority to increase the general assessment or to levy such additional assessments as it shall deem to be necessary in the Board's sole discretion, provided that the same shall be required for only the following: (i) to meet deficits incurred or anticipated because current assessments are insufficient to pay the costs of operation and maintenance; (ii) to provide replacements of existing Common Elements; (iii) to provide additions to the Common Elements at a total annual cost not exceeding five percent (5%) of the Association's annual operating budget; or (iv) for any emergencies. The Board of Directors shall also have the authority, without the necessity of Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 4 hereof. 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 except in the event that the Association may voluntarily and conditionally assign the right to levy assessments to any lender in connection with any voluntary loan transaction entered into by the Association.

C. Special Assessments. Special assessments, in addition to those described in subsection A and B above, may be made by the Board of Directors from time to time if approved by the Co-owners as provided herein, to meet other requirements of the Association, including, but not limited to: (i) providing additions to the Common Elements at a total cost exceeding five percent (5%) of the Association's annual operating budget; (ii) assessments to purchase a Unit upon foreclosure of the lien for assessments described hereafter; or (iii) assessments for any other appropriate purpose not elsewhere described. Special Assessments as provided for by this subsection shall not be levied without the prior approval of more than fifty percent (50%) of all Co-owners entitled to vote. 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 except in the event that the Association may voluntarily and conditionally assign the right to levy assessments to any lender in connection with any voluntary loan transaction entered into by the Association.

D. Reserve Fund. The Board of Directors shall maintain a reserve fund solely for major repairs and replacements of Common Elements and emergency expenditures, which reserve fund shall be in the amount of not less than ten percent (10%) of the Association's annual budget (excluding that portion of the budget allocated to the reserve fund itself). At least two (2) Directors must sign any checks drawn on the reserve fund account. The Association may increase or decrease the reserve fund but may not reduce it below ten percent (10%) of the annual budget of the Association. The reserve must be funded at least annually from the proceeds of the regular assessments set forth in subsection A of this Section; however, the reserve may be supplemented by additional assessments if determined necessary by the Board of Directors. The minimum standard required by this subsection may prove to be inadequate. The Board of Directors shall annually consider the needs of the Condominium to determine if a greater amount should be set aside in reserve or if additional reserve funds should be established for any other purposes. The Board may adopt such rules and regulations as it deems desirable from time to time with respect to type and manner of investment, funding of the reserves, disposition of reserves or any other matter concerning the reserve account(s).

Section 4. Payment of Assessments and Penalty for Default. All assessments levied against the Co-owners to cover expenses of administration, regardless of whether the same are regular, additional or special, shall be apportioned among and paid by the Co-owners equally without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments shall be payable by Co-owners in one installment or in such installments as may be provided by the Board in its sole discretion, 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. Additional and Special Assessments shall be payable as stated in the notice announcing their levy. 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, which shall be the first (1st) day of January each fiscal year or such other date as may be established from time to time by the Board of Directors for any assessment. Assessments in default shall bear interest at the highest rate allowed by law until paid in full. In addition, all assessments, or installments thereof, which remain unpaid as of ten (10) days after the due date (based on the postmark date), shall incur a uniform late charge of ten percent (10%) of the unpaid assessment, but in no event less than twenty-five dollars (\$25.00), to compensate the Association for administrative costs incurred as a result of the delinquency. The Board of Directors may revise the uniform late charges, and may levy additional late fees for special and additional assessments, pursuant to Article VI of these Bylaws, without the necessity of amending these Bylaws. Once there is a delinquency in the payment of any installment of the annual assessments, the remaining unpaid installments of the annual assessment for that fiscal year may be automatically accelerated so that such unpaid installments are immediately due and payable. Each Co-owner (whether one or more persons) shall be personally liable for the payment of all assessments (including late fees and costs of collection and enforcement of payment, including actual attorneys' fees) levied against their Unit while such Co-owner has an ownership interest therein. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including attorney's fees; second, to any interest charges, fines and late fees on such installments; and third, to installments in default in order of their due dates. A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve account or other asset of the Association.

Section 5. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for their contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of their Unit.

Section 6. Enforcement.

A. Statutory Lien. Sums assessed to a Co-owner 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, attorneys' fees and fines (as allowed by the Condominium Documents or the Act), constitute a lien upon the Unit or Units owned by the Co-owner at the time of the assessment before other liens except tax liens on the Unit in favor of any state or federal taxing authority and sums unpaid on the first mortgage of record, except that past due assessments which are evidenced by a notice of lien, recorded as provided herein, have priority over a mortgage recorded subsequent to the recording of the notice and affidavit 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. The lien may be foreclosed by judicial action or by advertisement in the name of the Condominium on behalf of the other Co-owners as hereinafter provided.

B. Remedies. 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. A Co-owner may not withhold or escrow assessments, and may not assert in an 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 services or management to a Co-owner. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Condominium, shall not be qualified to run for or function as an officer or Director of the Association, 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 their Unit. The Association may also discontinue the furnishing of any utilities or services to a Co-owner in default. 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 them, and if the Unit is not occupied by the Co-owner, to lease the Unit and 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 XVI of these Bylaws. All remedies shall be cumulative and not alternative.

C. Foreclosure of Lien. Each Co-owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments, costs and expenses, either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, and the provisions of Section 108 of the Act, 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 obligation of the parties to such actions. Further, each Co-owner and every other person who from time to time has any interest in the Condominium, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit (and improvements) with respect to which assessments are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner acknowledges that at the time of acquiring title to such Unit they were notified of the provisions of this Section 6 and that they 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 Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at their last known address, of a written notice that one or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (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, attorneys' 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 Macomb County Register of Deeds prior to the 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 representative designated above and shall inform such representative that they may request a judicial hearing by bringing suit against the Association.

E. Expenses of Collection. All expenses incurred in collecting unpaid assessments, including interests, fines, costs, actual attorneys' fees (not limited to statutory fees and including attorneys' fees and costs incurred incidental to any bankruptcy proceedings filed by the delinquent Co-owner or probate or estate matters, including monitoring any payments made by the bankruptcy trustee or the probate court or estate to pay any delinquency, and/or attorneys' fees and costs incurred incidental to any State or Federal Court proceeding filed by the Co-owner) and advances for taxes or other liens or costs 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 their Unit.

Section 7. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Condominium, or its successors and assigns, which obtains title to the Unit pursuant to the foreclosure remedies provided in the mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which become due prior to the acquisition of title to the Unit by such person or entity (the date of the foreclosure sale), 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 mortgaged Unit, and except for claims evidenced by a Notice of Lien recorded prior to the recordation of the first mortgage.

Section 8. Assessment Status upon Sale of Unit. Upon the sale or conveyance of a Unit, any unpaid assessments, interest, late fees, fines, costs and attorneys' fees against the Unit shall be paid out of the net proceeds 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 for taxes or special assessments due and unpaid and (b) payments due under first mortgages having priority to the unpaid assessments. A purchaser of a Unit is entitled to a written statement from the Association setting forth the amount of unpaid assessments, interest, late fees, fines, costs and attorneys' fees outstanding against the Unit and the purchaser is not liable for any unpaid assessments, interest, late fees, fines, costs and attorneys' fees in excess of the amount set forth in such written statement, nor shall the Unit be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the

Association as provided herein at least five (5) days before the conveyance shall be liable for any unpaid assessments against the Unit together with interest, late fees, fines, costs and attorneys' fees incurred in connection with the collection of such assessments.

Section 9. Developer's Liability for Assessments. Notwithstanding any other provision of the Condominium Documents, during the Development and Sales Period the Developer shall not be liable for payment of any assessments, general, additional or special, levied by the Association except with respect to "Completed Units" owned by the Developer and which are occupied by a tenant or other occupant for use as a residential dwelling. "Completed Units" shall mean Unit(s) with respect to which a Certificate of Occupancy for the residence to be constructed upon the Unit has been issued by the local building department. The Association shall have no obligation for maintenance of incomplete Units, and the Developer shall pay all expenses for them, including any expenses of administration directly benefiting such an incomplete Unit. The Developer however shall pay for actual expenses attributable directly to the Developer's incomplete Units, if any. Expenses of administration directly benefiting Developer's incomplete Units shall be prorated by dividing the number of Developer's incomplete Units by the total number of Units in the Condominium to determine the Developer's attributable expense liability. The Association shall invoice the Developer for such expenses every ninety (90) days. Unpaid expenses shall not be subject to the Association's lien remedies. In no event shall the Developer be responsible for payment of any assessment, or be responsible for reimbursement of Association costs, relating to funding of the reserve account, purchase of a Unit from the Developer, to fund any litigation, or investigation costs related thereto by the Association, or for repairs and maintenance to individual Units sold to Co-owners other than the Developer or the General Common Elements not utilized by the Developer.

Section 10. Construction Liens. Construction liens attaching to any portion of the Condominium shall be subject to the following limitations and Section 132 of the Act:

A. Except as provided herein, a construction lien for work performed upon a Unit or upon a Limited Common Element may attach only to the Unit upon which the work was performed.

B. A construction lien for work authorized by the Association may attach to each Unit only to the proportionate extent that the Co-owner of the Unit is required to contribute to the expenses of administration as provided by the Condominium Documents.

C. A construction lien may not arise or attach to a Unit for work performed on the Common Elements not contracted for by the Association.

### **ARTICLE III ARBITRATION**

Section 1. Arbitration. Subject to subsection 5 below, disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between Co-owners, or between a Co-owner or Co-owners and the Association shall, upon the election and written consent of the parties to any such disputes, claims or grievances and written notice to the Association, if applicable, be submitted to arbitration under the procedures set forth in the Uniform Arbitration Act and parties thereto shall accept the arbitrator's decision as final and binding. 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 this paragraph 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. Right to Judicial Action. 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. Effect of Election to Arbitrate. Election by the parties 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. Mediation. Regardless of the other remedies available under these Bylaws or the Act, the parties to any dispute shall have the ability to agree to mediate any disputes. In instances involving a dispute between two or more Co-owners that has been presented to the Association, the Association may compel the disputing Co-owners to first attempt to mediate the dispute before considering any other action. All compelled mediation shall be conducted by qualified outside mediators at the expense of the disputing Co-owners. In all other instances, mediation shall be totally voluntary and upon agreement of the disputing parties.

Section 5. Statutory Arbitration Rights between Co-owners and Developer. By purchase of a Unit, Co-owners agree as follows:

A. At the exclusive option of a Co-owner, the Developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against the Developer, involves an amount less than \$2,500.00, and arises out of or relates to a purchase agreement, Unit, or the Condominium.

B. At the exclusive option of the Association, the Developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against the Developer, arises out of or relates to the Common Elements, and involves an amount of \$10,000.00 or less.

C. With respect to all arbitration under this Section 5, (i) judgment of the Circuit Court of the State of Michigan for the jurisdiction in which the Condominium is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration, and (iii) the agreement herein to arbitrate precludes the parties from litigating such claims in the courts.

Section 6. Approval of Civil Actions. Actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements. The commencement of any civil action or arbitration (other than one to enforce the Condominium Documents or collect delinquent assessments) shall require the approval of a majority of the Co-owners, and shall be governed by the requirements of this Section. The requirements of this Section will ensure that Co-owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation through additional or special assessments where reasonable and

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

A. Board of Directors' Recommendation to Co-owners. The 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.

B. Litigation Evaluation Meeting. If an attorney is to be 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 notice requirements for a regular meeting of the Association shall apply. The Board of Directors shall provide to all Co-owners in advance of such meeting all necessary information related to the proposed civil action so as to allow Co-owners to make an informed decision as to the merits and estimated costs of such proceeding, how the litigation will be funded, all possible alternatives to litigation, the history of actions taken to date to avoid litigation, and all opinions of experts retained or hired by the Association to give advice concerning the proposed action.

C. 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 prior to the litigation evaluation meeting.

D. 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. The commencement of any civil action by the Association (other than a suit to enforce the Condominium Documents or collect delinquent assessments) shall require the approval of a majority of all of the Co-owners.

E. 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 reviewed financial statements. 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 and annual reviewed financial statements.

#### **ARTICLE IV INSURANCE**

Section 1. Extent of Coverage. The Association shall carry fire and extended coverage, vandalism and malicious mischief (the maximum deductible amount must be no greater than 5% of the face amount of the policy) and liability insurance (minimum coverage of not less than \$1,000,000.00 for a single occurrence), and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the General Common Elements of the Condominium that are the Association's responsibility under Article IV of the Master Deed, Fidelity Bond coverage in an amount no less than a sum equal to three months aggregate assessments on all Units plus reserve funds on hand, such Fidelity Bond insurance to cover all officers, directors and employees of the Association and for all other persons, including any management agent, handling or responsible for any monies

received by or payable to the Association (it being understood that if the management agent or others cannot be added to the Association's coverage, they shall be responsible for obtaining the same type and amount of coverage on their own before handling any Association funds), Directors and Officers Liability coverage, and such other insurance as the Board of Directors deems advisable, and all such insurance shall be carried and administered in accordance with the following provisions:

A. Respective Responsibilities. All such insurance shall be purchased by the Association for the benefit of the Association, the Co-owners and their mortgagees, as their interests may appear; and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. Each Co-owner shall be obligated and responsible for obtaining all risk insurance with respect to the Residence and all other improvements constructed or to be constructed within the perimeter of said Unit and its appurtenant Limited Common Elements. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner shall also be obligated to obtain insurance coverage for their personal liability for occurrences within the perimeter of their Unit, appurtenant Limited Common Elements and the improvements located thereon, and also for any other personal or business insurance coverage that the Co-owner wishes to carry. Each Co-owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may, but is not required to, obtain such insurance on behalf of such Co-owner and the premiums therefor shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Co-owners are strongly advised to consult their insurance advisors to make sure they have all necessary and appropriate coverage required by this Section. The Association and all Co-owners 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 shall, where appropriate, contain cross-liability endorsements to cover liability of the Co-owners as a group to another Co-owner. Any insurance policy carried by the Association shall not be cancelled or substantially modified without at least ten (10) days prior written notice to the Association and each holder of a first mortgage.

(1) Optional Umbrella Insurance. The Association may purchase as an expense of administration an umbrella insurance policy which covers any risk required hereunder which was not covered due to lapse or failure to procure.

(2) Insurance Records. All non-sensitive and non-confidential information in the Association's records regarding Common Element insurance coverage shall be made available to all Co-owners and mortgagees 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.

B. Insuring of Common Elements. All General Common Elements of the Condominium shall be insured by the Association against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to 100% of the current replacement cost of the insurable improvements, excluding foundation and excavation costs, as determined annually by the Board of

Directors of the Association in consultation with its appropriate professional advisors. The policy shall include a "Guaranteed Replacement Cost Endorsement" or a "Replacement Cost Endorsement" and, if the policy includes a coinsurance clause, an "Agreed Amount Endorsement". The policy shall also include an "Inflation Guard Endorsement", if available, and a "Building Ordinance and Law Endorsement". If the Association elects to include any additional items that are the Co-owner's responsibility, but in which the Association has an insurable interest, under its insurance coverage, any additional premium cost to the Association attributable thereto shall be assessed to and borne solely by the initially responsible Co-owner and collected as a part of the assessments against such Co-owner under Article II hereof.

C. Cost of Insurance. All premiums for 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, the Co-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction, and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Condominium unless all of the institutional holders of first mortgages on Units in the Condominium have given their prior written approval.

Section 2. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner and the Association for all damages and costs, including attorneys' fees, which such other Co-owners or the Association may suffer as a result of defending any claim arising out of an occurrence for which the individual Co-owner is required to carry coverage pursuant to this Article and shall carry insurance to secure this indemnity if so required by the Association. This Section shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner.

## ARTICLE V RECONSTRUCTION OR REPAIR IN CASE OF CASUALTY

Section 1. Applicability of Article. This Article shall apply only to damage by casualty or other insurable event. Any other situations involving maintenance, repair and replacement shall be governed by the allocation of responsibilities contained in Article IV of the Amended and Restated Master Deed.

Section 2. Determination of Reconstruction or Repair. If the damaged property is a Common Element, the property shall be rebuilt or repaired unless it is determined by the affirmative vote of eighty (80%) percent of the Co-owners that the Condominium shall be terminated, and two-thirds ( $2/3^{\text{rds}}$ ) of all mortgagees of record have consented to such termination, which mortgagee consent shall be solicited in accordance with Section 90a of the Condominium Act.

Section 3. Co-owner Responsibility for Repair. If the damaged property is a Unit or Limited Common Element or any improvements thereon, the Co-owner of such Unit alone, subject to the rights of any mortgagee or other person or entity having an interest in such property, shall be responsible for any and all reconstruction and repair. The Co-owner shall promptly restore their Unit,

Limited Common Elements and improvements thereon in accordance with the Condominium Documents and to a condition substantially equal or comparable to the condition existing prior to damage in a manner satisfactory to the Association and in accordance with the provisions of Article VI hereof.

Section 4. Association Responsibility for Funding. Subject to the responsibility of the individual Co-owners as outlined in Section 3 above, and other provisions of these Bylaws or the Amended and Restated Master Deed applicable to such situations, the Association shall be responsible for the reconstruction and repair of the General Common Elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair or reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the Co-owners for the costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual costs of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 5. Timing. If damage to Common Elements or a Unit adversely affects the appearance of the Condominium or deprives others from utilizing the Common Elements, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with the replacement or repair of the damaged property without delay.

Section 6. Eminent Domain. Section 133 of the Condominium Act (to the extent not inconsistent with the following) and the following provisions shall control upon any taking by eminent domain:

A. Common Elements Taken by Eminent Domain. If any portion of the Common Elements is taken by eminent domain, the award therefor shall be allowed to the Co-owners in proportion to their respective undivided interests in the Common Elements. The Association, acting through its Board of Directors, may negotiate on behalf of all Co-owners for any taking of the Common Elements and any negotiated settlement approved by more than two-thirds (2/3) of the Co-owners shall be binding on all Co-owners.

B. Unit Taken by Eminent Domain. If a Unit is taken by eminent domain, the undivided interest in the Common Elements appertaining to the Unit shall thenceforth appertain to the remaining Units, being allocated to them in proportion to their respective undivided interests in the Common Elements. The Court shall enter a decree reflecting the reallocation of the undivided interest in the Common Elements as well as for the Unit.

C. Partial Taking of a Unit. If portions of a Unit are taken by eminent domain, the court shall determine the fair market value of the portions of the Unit not taken. The undivided interest of such Unit in the Common Elements shall be reduced in proportion to the diminution in the fair market value of such Unit resulting from the taking. The portions of undivided interest in the Common Elements thereby divested from the Co-owners of such Unit shall be reallocated among the other Units in the Condominium in proportion to their respective undivided interests in the Common Elements. A Unit partially taken shall receive the reallocation in proportion to its undivided interest as reduced by

the court under this subsection. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-owner of the Unit partially taken for that portion of the undivided interest in the Common Elements divested from the Co-owner and not revested in the Co-owner pursuant to the following subsection, as well as for that portion of the Unit taken by eminent domain.

D. Impossibility of Use of Portion of Unit not Taken by Eminent Domain. If the taking of a portion of a Unit makes it impractical to use the remaining portion of that Unit for a lawful purpose permitted by the condominium documents, then the entire undivided interest in the Common Elements appertaining to that Unit shall thenceforth appertain to the remaining Units, being allocated to them in proportion to their respective undivided interests in the Common Elements. The remaining portion of that Unit shall thenceforth be a Common Element. The court shall enter an order reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-owner of the Unit for the Co-owner's entire undivided interest in the Common Elements and for the entire Unit.

E. Future Expenses of Administration Appertaining to Units Taken by Eminent Domain. Votes in the Association of Co-owners and liability for future expenses of administration appertaining to a Unit taken or partially taken by eminent domain shall thenceforth appertain to the remaining Units, being allocated to them in proportion to their relative voting strength in the Association. A Unit partially taken shall receive a reallocation as though the voting strength in the Association was reduced in proportion to the reduction in the undivided interests in the Common Elements.

F. Condominium Continuation after the taking by Eminent Domain. In the event the Condominium continues after a taking by eminent domain, then the remaining portion of the Condominium shall be resurveyed and the Master Deed amended accordingly. 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, but only with the prior written approval of holders of two-thirds (2/3rds) of all first mortgage liens on individual Units in the Condominium.

G. Condemnation or Eminent Domain Proceeding. 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.

Section 7. Rights of First Mortgagees. 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 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 Units and/or Common Elements.

Section 8. Notification to Mortgagees and Guarantors. The Association shall give the holder of any first mortgage and any guarantors of the mortgage covering any Unit in the Condominium timely written notice of any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing the mortgage.



## ARTICLE VI RESTRICTIONS

### Section 1. Use of Unit.

A. Single Family Use. No Unit shall be used for other than single-family residential purposes (as defined by Township of Macomb Ordinances), and the Common Elements shall be used only for purposes consistent with the use herein stated. No building of any kind whatsoever shall be erected, re-erected, placed or maintained or permitted to remain on any Unit except one (1) single family Residence not to exceed two (2) stories in height and an attached private garage, which shall be architecturally related to the dwelling and which shall contain no less than two (2) nor more than three (3) parking spaces. No Co-owner shall carry on any business enterprise or commercial activities anywhere on the Common Elements or within the Units, specifically including for profit day care, adult foster care, nursing facilities, transitional housing and similar enterprises, except that Co-owners shall be allowed to have home offices in their Units, provided the same (1) do not involve additional pedestrian or vehicular traffic by customers, users or beneficiaries of the services being performed and/or congestion within the Condominium, (2) do not utilize or involve the presence of any employees within the Unit other than the individual Co-owner(s) and their families, (3) do not disturb other Co-owners, (4) do not involve additional expense to the Association (such as utility charges and insurance), (5) do not violate any other provision or restriction contained in the Condominium Documents, (6) do not involve the storage of bulk goods for resale, and (7) do not constitute a violation of any ordinances or regulations of the Township of Macomb.

B. Occupancy Restrictions. Units shall be occupied in strict conformance with the restrictions and regulations of the BOCA International Property Maintenance Code, or such other codes or ordinances that may be adopted by the Township of Macomb from time to time. Accordingly, the number of persons allowed to reside in any Unit shall be restricted by the size of the bedrooms and other areas of said Unit. Such restrictions shall automatically change, without the necessity of an amendment to this document, upon the adoption of alternative regulations by the Township of Macomb, such that the occupancy of all Units in the Condominium shall be in accordance with all Township of Macomb regulations at all times.

Section 2. Leasing and Rental of Units. With the exception of a lender or first mortgagee guarantor in possession of a Unit following default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, the following restrictions apply to the rental or leasing of a Unit:

A. Right to Lease. The Developer may lease any number of Units in its discretion. No Co-owner shall lease less than an entire Unit. With the exception of a lender or mortgagee guarantor in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, all leases shall (i) be for an initial term of no less than one (1) year (other than one executed by the Developer during the Development and Sales Period), (ii) require the lessee to comply with the Condominium Documents, (iii) provide that failure to comply with the Condominium Documents constitutes a default under the lease, and (iv) provide that the Board of Directors has the power to terminate the lease or to institute an action to evict the tenant and for money damages after fifteen (15) days' prior written notice by certified mail to the Co-owner of the Unit, in the event of a default by the tenant in the performance of the lease or the Condominium Documents. A Co-owner may only lease a Unit for the same purposes as set forth in Article VI, Section 1, in accordance with the provisions of this Section. Each Co-owner shall, promptly following the execution of any approved lease of a Unit, forward a conformed copy thereof to the Board of Directors. Under no circumstances

shall transient tenants be accommodated. For purposes of the Section, a "transient tenant" is a non-Co-owner paying consideration to reside in a Unit for less than sixty days. 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.

B. Procedures for Leasing. The leasing of Units in the Condominium shall conform to the following provisions:

(1) Disclosure. A Co-owner, excluding 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 shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. The Association shall be entitled to approve or not approve any such proposed lease transaction in accordance with the provisions of this Section. The Association may also require the use of a standard lease addendum. If no lease form is to be used, then the Co-owner shall supply the Association with the name and address of the potential lessee or other occupant(s), along with the amount and due dates of any rental or compensation payable to the Co-owner, and the term of the proposed arrangement. Co-owners who do not live in the Unit they own must keep the Association informed of their current correct address and phone number(s). The Board of Directors may charge such reasonable administrative fees for reviewing, approving, and monitoring lease transactions in accordance with this Section as the Board, in its discretion, may establish. Any such administrative fees shall be assessed to and collected from the leasing Co-owner in the same manner as the collection of assessments under Article II hereof. This provision shall also apply to occupancy agreements.

(2) Compliance with Documents. Tenants or non-Co-owner occupants shall comply with all of the conditions of the Condominium Documents.

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

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

(b) Time to Cure. 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.

(c) Remedies. 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 the Association is under the control of the Developer) an action for eviction against the tenant or non-Co-owner and tenant or non-Co-owner occupant for breach of the conditions of the Condominium Documents. The relief set forth in this Section may be by summary proceeding, although the Association may pursue relief in any Court having jurisdiction and whether by summary proceeding or otherwise. The Association may hold both the tenant and the Co-owner liable for any damages caused by the Co-owner or tenant in connection with the Unit. The Co-owner shall be responsible for reimbursing the Association for all costs incurred in obtaining judicial enforcement of its rights, including actual attorneys' fees.

(4) Notice to Pay Rent Directly to Association. 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 be a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent, otherwise due the Co-owner, to the Association, then the Association may (1) prohibit the tenant from utilizing any of the General Common Elements of the Condominium, (2) issue a statutory Notice to Quit for non-payment of rent, and enforce that notice by summary proceedings, and/or (3) initiate proceedings pursuant to Section 112(4)(b) of the Act.

C. Lease Service Charges. In each situation where the Association, through a Board member, contractor or management agent, is asked to provide emergency service to a tenant or non-Co-owner occupant due to the unavailability of the Landlord or Co-owner of the Unit, a reasonable administrative fee, as established by the Board in its discretion, shall be posted to the Co-owner's account. Any Co-owner may file with the Association a written request not to respond to such requests by a tenant or non-Co-owner occupant of that Co-owner's Unit, and in such cases the Association shall not respond, shall have no liability for not responding and shall be indemnified and held harmless by the Co-owner for any damages or liability resulting from the Association's failure to respond.

Section 3. Approval of Initial Construction; Architectural Control; Alterations and Modifications. No building of any kind may be erected within a Unit except one private Residence and structures ancillary thereto permitted by the following restrictions. The following shall apply:

A. Approval of Construction within Units. In order to ensure that the Developer's goal of providing an attractive coordinated neighborhood are accomplished, the Developer shall, in its sole discretion (until assigned to the Association or the Developer's right expires as provided herein), have the right to approve or disapprove the appearance, construction, materials, proposed location, design, specifications and any other attribute of any structure or improvement, including landscaping and appurtenances. A Co-owner may only construct, install, modify or place on or in a Unit or the Common Elements those structures that have been approved in writing by the Developer in the manner set forth herein. No application for a building permit or application for any other governmental approval shall be filed until the Developer's written approval is received. The Developer may require that any Co-owner furnish to the Association adequate security, in the Developer's sole discretion, to protect the Association against cost and expenses that it might incur in connection with the failure to complete construction in a timely and diligent manner in accordance with the approved plans and specifications for the improvement.

(1) Submittal Process. A two-step submittal process must be followed for obtaining the Developer's written approval for any building, structure or improvement, including landscape, to be erected, constructed, maintained or rebuilt on any Unit, except in those instances where the Developer is performing the construction. The Developer's written approval upon satisfactory completion of all steps must be obtained before construction of any structure or improvement may be started. If appropriate, the Developer may waive in its sole discretion submittal procedure in order to expedite the review process. A Co-owner shall submit to the Developer two copies of any document required to be submitted hereunder, and the Developer shall retain a copy of each document for its records. The Developer shall have thirty (30) days after the receipt of all required plans and specifications to issue a written approval or denial. If the Developer fails to issue a written approval or denial of any submittal within the 30 day period, then any such submittal shall be deemed denied.

(a) Concept Submission. The first step shall be the submission of concept materials to the Developer. The concept materials shall include materials sufficient to permit the Developer in its judgment to ascertain the structure or improvement and shall include front, side and rear elevation drawings showing all improvements (including the color and type of exterior materials) and a proposed site plan showing the location of all improvements within the Unit and surrounding including trees and landscape.

(b) Final Submission. Once the Developer has approved the concept submission, the Co-owner may apply to the Developer for approval of the final submission. The final submission shall include samples of exterior colors and materials (a detailed finished schedule for all exterior materials, products and finishes, actual brick, stain and shingle samples may be required), detailed elevation drawings showing all elevations, a dimensioned floor plan, a topographical survey of the Unit, a site plan showing the proposed location of each structure and improvement located or to be located upon the Unit or Common Elements, specifications for each structure or improvement prepared and certified by a licensed architect or engineer setting forth the type and quality of all materials and workmanship, a construction schedule specifying the commencement and completion dates of construction of the structure or improvement, as well as such other dates as the Developer may specify for completion of stages of the undertaking, and a detailed landscape and grading plan. The topographical survey, which shall also show all existing species of trees of a caliper exceeding 6 inches at 24" above grade, and site plan must be certified by a licensed engineer. In addition, the Co-owner shall have the Unit staked so as to show the location of all proposed structures and improvements on the Unit. The landscaping plan shall show grading, planting, seeding and lighting. No approval shall be effective unless given by the Developer in writing. If a structure, improvement or any aspect or feature thereof is not in strict conformity with the requirements or restriction set forth in this Article, 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.

(2) Fees and Deposits. Every Co-owner constructing or reconstructing a Residence or other major improvement to or within their Unit shall deposit with the Developer (a) a five hundred dollar (\$500.00) review fee, (b) a one thousand dollar (\$1,000.00) debris removal deposit, and (c) a one thousand dollar (\$1,000.00) road maintenance deposit. The review fee shall be used for review of plans and specifications required to be submitted herein. The debris removal deposit shall be utilized to ensure that all construction debris is promptly cleaned up and properly disposed of off-site and should any Co-owner or their builders, contractors and subcontractors not do so, the Developer may arrange for such clean up and charge the same to the deposit. The road maintenance deposit shall be utilized to make sure that all damage to Condominium roads caused by a Co-owner or their builders, contractors, material suppliers or subcontractors is promptly repaired and that the Condominium roads are kept clean of debris, mud and soil. Should any Co-owner or their builders, material suppliers, contractors and subcontractors not do so, the Developer may arrange for such repairs and clean up and charge the same to the deposit. All unused amounts of the debris removal and road maintenance deposits shall be refunded to the applicable Co-owner once the improvement being constructed has received a Certificate of Occupancy and when all sod and landscaping has been installed.

(3) Construction Activities. Only licensed and insured Builders and contractors shall be allowed to construct within the Condominium, provided they are approved by the Developer. Once commenced, all construction activity shall be prosecuted and carried out with all reasonable diligence, and the exterior of all Residences and other structures must be completed and have a final Certificate of Occupancy as soon as practical and in any event within two (2) years from the

commencement of construction (except where such completion is impossible or would result in exceptional hardship due to strikes, fire, national emergencies or nature calamities). Subject to the foregoing qualification, any Residence that is not completed or does not have a final Certificate of Occupancy within two (2) years from commencement of construction shall be deemed a nuisance and may be abated as provided by law. Any portion of the Property within any public or private road or right-of-way which is disturbed by reason of any work or activity performed by a Co-owner, or a Co-owner's agents, employees, contractors shall be restored by the Co-owner, at the Co-owner's sole expense, to its condition immediately prior to the commencement of such work or activity. Such restoration shall be performed within a reasonable time, and in no event later than the date of completion of any work or activity on the Co-owner's Unit. Upon the completion of a Residence, the Co-owner shall cause all portions of the Unit to be finish-graded, sodded and suitably landscaped on or before sixty (60) days after the completion of the Residence, or by the next July 1 if the Residence is completed between September 1 and May 1 of any year. All lawns and landscaping in the Condominium (including any berm and landscaping areas) shall be of an aesthetically pleasing nature and shall be continuously and properly well maintained at all times. It is the purpose of this Section to cause the Subdivision to develop into a beautiful, harmonious and private residential area.

(4) Construction Restrictions. The following restrictions shall apply to structures and improvements constructed within the Units and Limited Common Elements:

(a) Construction Materials. The Developer intends and desires that all structures and improvements within the Condominium be architecturally harmonious. No used materials may be used in the construction of any Residence, structure or improvement without written approval from the Developer or Association, as the case may be. No prefabricated, factory-built or modular homes shall be located on any Unit. However, certain prefabricated, factory built components may be used in the Residences, subject to the Developer's written approval. Exterior building materials may be stone, brick, wood, vinyl siding or any other material blending with the architecture and natural landscape. All exterior materials must be approved in writing by the Developer or the Association, as the case may be. Generally, no material may be used that the Developer considers unsuitable for the proposed use.

(b) Character and Size of Residences. It is the intention and purpose of these restrictions to ensure that all Residence are of a quality, design, workmanship and materials approved by the Developer or Association, as the case may be. All Residences, including without limitation any minimum square footage requirement, shall be constructed in accordance with the applicable governmental building codes, ordinances and regulations and with such further standards as may be required by the Condominium Documents.

(c) Residence Location; Lot Size; Roofs. All Residences shall be located on each Unit in accordance with the requirements set forth in the Township's Zoning Ordinance. The minimum size of each Unit shall be the size established on the Condominium Subdivision Plan. In the event more than one (1) Unit, or part of a Unit, are developed as a single Unit, all restrictions set forth herein shall apply to such resulting Unit in the same manner as to any single Unit. Carports are specifically prohibited in the Condominium. Single-level flat roofs are prohibited on the entire main body of any Residence; however, flat roofs may be installed over Florida rooms, porches or patios, and tasteful flat roofs may be installed on multiple levels of a Residence, but only if the same are approved by the Developer or the Association, as the case may be. The pitch of any proposed roof shall be depicted on plans submitted to the Developer or the Association, as the case may be, and the degree of

pitch acceptable shall be at the Developer's or the Association's, as the case may be, sole discretion. White roofs are prohibited.

(c) Garage. Each Residence shall have not less than an attached two-car garage and not more than an attached three-car garage.

(d) Driveways. Access driveways and other paved areas for vehicular use on a Unit shall have a base of compacted sand, gravel, crushed stone or other approved base material and shall have a wearing surface of concrete or the equivalent thereof. In addition to the other requirements set forth herein, the garages and driveways constructed on Unit Nos. 14, 27, 28, 43 and 66 (and, if added to the Condominium pursuant to Article X of the Master Deed, Units 135, 139, 156, 157, 160, 192, 198, 199, 204, 205, 210, 213, 227, 231, and 274) shall be constructed as shown on the Condominium Subdivision Plan. All driveways shall be completed prior to occupancy.

(e) Street Lights. Except as shown on the Condominium Subdivision Plan, no private street lights are allowed in the road right-of-ways.

(f) Swimming Pools. Swimming pools shall be appropriately screened by landscaping or otherwise so as not to be visible from the road or any other Unit. No above ground swimming pools are permissible (other than temporary "kiddie" pools). Permitted in-ground swimming pools shall not be higher than one foot (1') above the existing Unit grade.

(g) Outbuildings. Outbuildings, sheds and other similar structures are prohibited.

(h) Fencing. No fencing is permitted that is not first approved in writing by the Developer or its successor. No fencing enclosing yards shall be permitted and only fencing designed to enclose pools, as dictated by Township of Macomb Ordinances, which are black or brown wrought iron (or aluminum equivalent) and which are no taller than 4 feet in height, shall be allowed.

(i) Soil Removal. Soil removal from Units shall not be permitted, except as required for construction purposes and as permitted by the Developer or the Association, as the case may be. In addition, all construction shall be subject to the requirements of the Michigan Soil Erosion and Sedimentation Control Act, as amended, and all other applicable statutes, ordinances, rules and regulations of all governmental agencies having jurisdiction over such activities.

(j) Underground Wiring. No permanent lines or wires for communication or other transmission of electrical or power (except transmission lines located on existing or proposed easements) shall be constructed, placed or permitted to be placed anywhere above ground on a Unit other than within Residences.

(k) Clear Vision Triangle. No fence, wall, shrubbery, sign or other obstruction to vision above a height of 30 inches from the established street grades shall be permitted within the triangular area designated on the Condominium Subdivision Plan at the south boundary of the Condominium as a "clear vision line;" provided, however, that canopy trees may be located in the clear vision line area provided that the first branch is a minimum of 8 feet above grade level and provided that such canopy trees are otherwise in conformance with the provisions of the Condominium Documents.

(1) Maintenance of Side Strips. Co-owners shall be responsible for the maintenance of parkways or public rights-of-way located between the Unit and the edge of adjacent street pavement.

(5) Deviation from Approved Plans. No alteration, modification, substitution or other variance from the designs, plans, specifications and other submission matter which have been approved by the Developer shall be permitted unless the owner thereof obtains the Developer's written approval for such variation. So long as any such variance is minimal as determined by the Developer in its discretion, the Co-owner need not go through the entire submittal process described above, but in any event the Co-owner must submit sufficient information including, without limitation, material samples, as the Developer determines in its discretion is required to assist the Developer's decision whether or not to approve the variance. 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).

(6) Standard for Developer's Approvals; Exculpation from Liability. In reviewing and passing upon the plans, drawings, specifications, submission and other matters to be approved or waived by the Developer under, the Developer intends to ensure that the Residences and other features embodied or reflected therein meet the requirements set forth in this Article; however, the Developer reserves the right to waive or modify such restrictions or requirements pursuant to subsection (7) below. In addition to ensuring that all Residences and other structures comply with the requirements and restrictions of this Article, the Developer (or the Association, when it succeeds to these approval powers) shall have the right to base its approval or disapproval of any plans, designs, specifications, submission or other matters on such other factors, including completely aesthetic consideration, as the Developer in its sole discretion may determine appropriate or pertinent. Except as otherwise expressly provided herein, the Developer or the Association, as the case may be, shall be deemed to have the broadest discretion in determining what Residence or other structures will enhance the aesthetic beauty and desirability of the Condominium, or otherwise further or be consistent with the purposes for any restrictions. In no event shall either the Developer or the Association or their agents, officers, employees or consultants thereof, have any liability whatsoever to anyone for any act or omission contemplated herein, including without limitation the approval or disapproval of plans, drawings, specifications or elevations, whether such alleged liability is based on negligence, tort, express or implied contract, fiduciary duty or otherwise. By way of example, neither the Developer nor the Association shall have liability to anyone for approval of plans, specifications, structures or the like which are not in conformity with the provisions of this Article or any other provision contained in the Condominium Documents, or for disapproving plans, specifications, structures or the like which arguably are in conformity with the provisions hereof. In no event shall any party have the right to impose liability on, or otherwise judicially seek to hold accountable the Developer or any person for any decision of the Developer (or alleged failure of the Developer to make a decision) relative to the approval or disapproval of a structure or any aspect or other matter as to which the Developer reserves the right to approve or waive. The approval of the Developer or the Association of a building, structure, improvements or other matter shall not be construed as a representation or warranty that the structure or matter is properly designed or that it is in conformity with the Ordinances or other requirements of the Township of Macomb 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.

(7) Developer's Right to Waive or Amend Restrictions. Notwithstanding anything herein to the contrary, the Developer reserves the right to approve any structure or activities otherwise

prescribed or prohibited hereunder, or to waive any restriction or requirement provided for 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 Condominium and the Units therein, or to relieve a Co-owner 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 the Condominium Documents, unless the Developer indicates its intent and agreement to do so in writing.

(8) Assignment of Developer's Approval Rights. Developer's rights under this Section may, in Developer's sole discretion, be assigned to the Association or other successor to Developer. There shall be no surrender of this right prior to expiration of the Development and Sale Period, except in a written instrument in recordable form executed by the Developer and specifically assigning to the Association or other successor(s) the rights of approval and enforcement set forth herein. Even after control of the Association is transferred to the non-developer Co-owners, the Developer shall continue to exclusively exercise these rights until they expire or are assigned. From and after the date of such assignment or later expiration of the Developer's exclusive powers, the Association's Board of Directors shall exercise all such powers, and the Developer shall have no further responsibilities with respect to any manners of approval or enforcement set forth herein.

B. Architectural/Landscape Committee. The Developer or Board of Directors may appoint an Architectural/Landscape Committee for purposes of considering applications for changes, alterations, modifications and landscaping submitted by Co-owners. Members of the Committee shall serve at the discretion of the Board of Directors, and subject to direction by the Board, the Committee shall establish its own rules and procedures and meet as often and at such places as are designated by its chairperson. The Committee shall establish and distribute to all Co-owners a statement of submission policies and criteria to be utilized by the Committee in considering requests. Such policies and criteria shall be subject to change by the Committee, upon approval by the Board, from time to time, provided any such change shall not in any way affect approvals previously given. No change, alteration, modification, landscaping or other improvement shall be constructed within the Condominium, nor shall any exterior modification be made to any existing Residence, building, structure or improvement, unless plans and specifications therefor, containing such detail as the Committee may reasonably request, have first been approved in writing by the Committee. In addition to approval by the Committee, construction of any building or other improvements must also receive any necessary approvals from the local public authority. The Committee shall have the right to refuse to approve any such plans or specifications, or grading or landscaping plans, which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed modification, improvement, or landscaping, the location upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners. Notwithstanding anything contained herein to the contrary, the Developer, during the Development and Sale Period, may construct or authorize any improvements, modifications or landscaping upon the Condominium that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association, the Committee or any other person or entity.

C. Alterations and Modifications. After initial approval by the Developer and construction in accordance with the approved plans, no Co-owner shall make alterations in exterior appearance or make structural modifications to the Unit including without limitation any Residence or other



structures, improvements or landscaping located within the Unit (including color or material used) or make changes, including changes in use, in any of the Common Elements, Limited or General, without the express written approval of the Board of Directors, including by way of example only exterior painting, replacement of windows, or the erection of lights, awnings, shutters, doors, mailboxes, spas, hot tubs, decks, walls or other exterior attachments or modifications. The erection of antennas, DBS reception devices, and other technologies regulated by the Federal Communications Commission, shall be in accordance with duly promulgated rules and regulations of the Association, which shall at all times be deemed to be and/or construed so as not to violate FCC regulations applicable thereto. In the event a Co-owner fails to maintain or repair any modification or improvement to the satisfaction of the Association, the Association may undertake to maintain and/or repair same and assess the Co-owner the costs thereof and collect same from the Co-owner in the same manner as provided for the collection of assessments in Article II hereof. The Co-owner shall indemnify and hold the Association harmless from and against all costs, damages, and liabilities incurred with respect to said modification or improvement. No attachment, appliance or other item may be installed that is designed to kill or repel insects or other animals by light or humanly audible sound. No Co-owner shall in any way restrict access to any utility line, any Easement or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access. Any modifications or alterations performed by a Co-owner pursuant to this Section shall be performed by licensed and insured contractors and in accordance with all applicable governmental regulations and ordinances, including the requirement that proper permits be applied for and issued by appropriate governmental agencies. The foregoing is subject to the applicable provisions of the Condominium Act governing improvements or modifications if the purpose of the improvement or modification is to facilitate access to or movement within the Unit for persons with disabilities under the circumstances provided for in the Condominium Act at MCL 559.147a, as may be amended from time to time.

Section 4. Conduct upon the Condominium Premises. No immoral, noxious, improper, unlawful or offensive activity, including without limitation speeding or other vehicular infractions, shall be engaged in on or upon the Common Elements, Limited or General, or any Unit, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium, nor shall any unreasonably noisy activity be carried upon the Common Elements or any Unit. 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 Units in the Condominium. The Board of Directors of the Association shall be the final arbiter of whether a particular animal, device, or thing is in violation of the foregoing restrictions, and disputes among Co-owners that cannot be amicably resolved shall be mediated by the disputing Co-owners in accordance with Article III hereof. No Co-owner shall do or permit anything to be done or keep or permit to be kept on their Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without written approval of the Association and 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. All municipal codes and ordinances pertaining to the use of the Common Elements shall be followed at all times. No Co-owner shall construct any improvement upon or obstruct or impair any Easements described in the Master Deed.

Section 5. Animals within the Condominium Premises.

A. Number and Type. No animal, including household pets, shall be kept or allowed on the Condominium Premises by any Co-owner without the written approval of the Board of Directors, which approval will only be given for such pets (type, size and disposition) as are consistent with the close, community living environment of Monarch Estates Condominium. Any such approval shall be revocable at any time by the Association for failure of such pets or their owners to abide by the provisions of this Section and the Rules and Regulations of the Association pertaining to the keeping of pets. The term "animal" or "pet" as used in this section shall not include small animals, fish or birds that are constantly caged. Exotic pets (i.e. rare or unusual animals or animals generally thought of as wild and not typically kept as a pet) are strictly prohibited.

B. Restrictions Applicable to Pets; Responsibilities of Co-owners. Co-owners must register their pets with the Association before Co-owners can maintain any pet on or within the Condominium. The registration shall include a complete description of the pet, its name, the name and telephone number of the adult person responsible for the pet at all times, and the name, address and telephone number of the veterinarian or veterinary clinic which maintains the pet's health and immunization records, and a current picture. No animals may be kept or bred for any commercial purpose. Any pets permitted to be kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. No animal may be permitted to be housed outside of a Unit, in a pen or otherwise, nor shall pets be tied or restrained outside or be allowed to be loose upon the Common Elements. All pets shall be leashed when outdoors with the leash being held and controlled at all times by a responsible adult person and otherwise in accordance with any ordinances of the Township of Macomb that may apply. Each Co-owner shall be responsible for the immediate collection and disposition of all fecal matter deposited by any animal maintained by such Co-owner, anywhere in the Condominium. No savage or dangerous animal of any type shall be kept and any Co-owner who causes any animal to be brought, maintained or kept on the premises of the Condominium for any length of time shall indemnify and hold harmless the Association for any loss, damage or liability, including attorney fees and costs, which the Association may sustain as a result of the presence of such animal on the Condominium Premises, whether such animal is permitted or not, and the Association may assess and collect from the responsible Co-owner such losses and/or damages in the manner provided in Article II hereof. No animal that creates noise and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance costs to the Association of accommodating animals within the Condominium. All animals kept in accordance with this Section shall be licensed by the municipal agency having jurisdiction, and proof of the animal's shots shall be provided to the Association upon request.

C. Association Remedies. The Association may adopt such additional reasonable rules and regulations with respect to animals, as it may deem proper. The Association may, after notice and hearing, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium that it determines to be in violation of the restrictions imposed by this Section or by any applicable rules and regulations of the Association. The Association may also assess fines for such violation of the restrictions imposed by this Section or by any applicable rules and regulation of the Association.

Section 6. Use of Common Elements and Units. Co-owners shall not use the Common Elements, Limited or General, for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in these Bylaws or duly adopted rules and regulations of the Association. Trash receptacles shall be maintained at all times in areas designated by the Association and shall not be permitted to remain elsewhere on Units or the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash, and in no event shall trash receptacles be left on a Unit or the Common Elements for more than 24 hours in any one week. Trash shall be stored and handled in accordance with all applicable rules and regulations of the Association and Township of Macomb Ordinances and Co-owners shall be responsible for the collection and proper disposal of trash (or the costs of the Association collecting and disposing of such trash) dispersed about the Common Elements, regardless of the reason. The Common Elements shall not be used in any way for the drying, shaking, or airing of clothing or other fabrics. Except as otherwise set forth herein, no bicycles, toys, baby carriages or other personal property may be left unattended on or about the Common Elements. No "through the wall" or "through window" air conditioning units may be installed on any Residence. No outside compressors for central air conditioning units may be installed or maintained in such a manner so as to create a nuisance to the residents of adjacent Residences. In general, no activity shall be carried on nor condition maintained by a Co-owner either in their Unit or upon the Common Elements, which detracts from or spoils the appearance of the Condominium. No unsightly condition shall be maintained on any Unit. Without written approval by the Association, no Co-owner or occupant shall change in any way the exterior appearance of a Residence or other structure located within a Unit. Thus, in connection with any maintenance, repair, replacement, decoration or redecoration, no Co-owner or other occupancy shall modify the design, material or color of any such item including, without limitation, windows, doors, screens, or any other component which is visible from a General Common Element or other Unit, without required written approvals.

Section 7. Obstruction of Common Elements or Easements. Except as otherwise expressly permitted herein, the General Common Elements, including, without limitation, sidewalks, landscaped areas, roads and entry ways, shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended.

Section 8. Vehicles upon the Condominium Premises. No house trailers, commercial vehicles, boat trailers, watercraft, boats, motor homes, camping vehicles/trailers, snowmobiles, snowmobile trailers, recreational vehicles, any non-motorized vehicles, off-road vehicles, all terrain vehicles, or vehicles other than currently licensed automobiles, motorcycles (if not objectionable due to excessive noise or irresponsible operation) and non-commercial pickup trucks, SUVs and passenger vans, not exceeding 21 feet in overall length, used as an occupant's primary means of transportation, and not for any commercial purposes, may be parked or stored upon the premises of the Condominium, except in accordance with the provisions of this Section, unless parked fully in a garage with the garage door closed.

A. Temporary Presence. The Board of Directors shall have discretion to issue rules and regulations that provide for the temporary presence of the above enumerated recreational/leisure vehicles upon the Condominium Premises for proper purposes, such as loading and unloading of such vehicles. The Association shall not be responsible for any damages, costs, or other liability arising from any failure to approve the parking of such vehicles or to designate an area therefor.

B. Commercial Vehicles. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless parked in an area specifically designated therefor

by the Association, or while making deliveries or pickups in the normal course of business. For purposes of this Section, commercial vehicles shall include vehicles or trucks with a curb weight of more than 10,000 pounds, overall length in excess of 21 feet, or with more than two axles, vehicles with commercial license plates, vehicles with any commercial markings or advertising appearing on the exterior, vehicles not intended for personal transportation, or any vehicle either modified or equipped with attachments, equipment or implements of a commercial trade, including, but not limited to, ladder or material racks, snow blades, tanks, spreaders, storage bins or containers, vises, commercial towing equipment or similar items. For purposes of this Section, passenger vans, SUVs and pickup trucks, used for primary transportation, and no commercial purpose whatsoever, shall not be considered commercial vehicles provided they do not meet the definition of a commercial vehicle contained herein. The Association shall not be responsible for any damages, costs, or other liability arising from any failure to approve the parking of such vehicles or to designate an area thereof.

C. Standing Vehicles, Repairs. Nonoperational vehicles or vehicles with expired license plates shall not be parked on the Condominium Premises, other than inside a Co-owner's garage, without written permission of the Board of Directors. Nonemergency maintenance or repair of motor vehicles shall not be permitted on the Condominium Premises, unless specifically approved by the Board of Directors.

D. Parking Restrictions. No parking of any vehicles whatsoever shall be allowed in designated fire lanes or in violation of duly promulgated rules and regulations of the Association. Co-owners shall park their personal transportation vehicles in their garage. Extra vehicles shall be parked on the Unit driveways. Parking shall not be permitted on the Condominium roadways.

E. Association Rights. Subject to the notice location and content requirements of Section 252(k) of the 2004 Public Act 493 of the Michigan Compiled Laws, the Association may cause vehicles parked or stored in violation of this Section, or of any applicable rules and regulations of the Association, to be stickered and/or removed (towed) from the Condominium Premises, and the cost of such removal may be assessed to, and collected from, the Co-owner of the Unit responsible for the presence of the vehicle in the manner provided in Article II hereof. In such cases, the Co-owner shall be responsible for costs incurred in having a towing company respond, even if the vehicle is moved and properly parked before the towing contractor arrives at the Condominium. The Board of Directors may promulgate reasonable rules and regulations governing the parking and use of vehicles in the Condominium consistent with the provisions hereof, and may levy fines for violations of such rules and regulations or this Section.

Section 9. Prohibition of Dangerous Items upon the Condominium Premises. No Co-owner shall use, or permit the use or discharge by an occupant, agent, employee, invitee, guest or member of their family of any firearms, air rifles, pellet guns, BB guns, bows and arrows, slingshots or other similar dangerous weapons, projectiles or devices anywhere on or about the Condominium, nor shall any Co-owner use or permit to be brought into the buildings in the Condominium any unusually volatile liquids or materials deemed to be extra hazardous to life, limb, or property, without in each case obtaining the written consent of the Association.

Section 10. Signs upon the Condominium. No signs or billboards shall be placed, erected, or maintained on any Unit, except for one (1) professional quality sign of not more than six (6) square feet in size and not more than three feet (3') in height for the sole purpose of advertising the Unit and the Residence for sale or rent. All permitted signs must also be in compliance with the ordinances and regulations of Macomb Township and all other governmental authorities having jurisdiction with

respect thereto. Such signs shall have been constructed and installed in a professional manner and shall comply with all ordinances of the Township. All permitted signs shall be kept clean and in good repair during the period of its placement and maintenance on any Unit. The provisions of this Section shall not apply to (a) such signs as may be installed or erected on any Unit by the Developer, or any builder which it may designate, during the development and sales period, or (b) any Condominium entrance signs.

Section 11. Regulations Consistent with the Condominium Act. Reasonable regulations consistent with the Condominium Act and the Condominium Documents concerning the use of the Common Elements or the rights and responsibilities of the Co-owners and the Association with respect to the Condominium or the manner of operation of the Association and of the Condominium may be made and amended from time to time by any Board of Directors. Copies of all such regulations and amendments thereto shall be furnished to all Co-owners and shall become effective as stated in said rule or regulation. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all Co-owners entitled to vote.

Section 12. Association Access to Units and Improvements Thereon. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the Association to carry out any responsibilities imposed upon it by the Condominium Documents. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to respond to emergencies or to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to their Unit, any Limited Common Elements appurtenant thereto and improvement located thereon during all periods of absence and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to their Unit, any Limited Common Elements appurtenant thereto or any improvements located thereon caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

Section 13. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials, including but not limited to statuary, bird feeders, exterior lighting, furniture, implements, rocks or boulders, fencing or other decorative items (which are allowed only to the extent specified in the Rules and Regulations of the Association) upon the Common Elements or within Units without written permission from the Association, unless the same are in complete conformance with duly adopted Association Rules and Regulations.

Section 14. Co-owner Maintenance of Unit and Limited Common Elements. Each Co-owner shall maintain their Unit and any Limited Common Elements appurtenant thereto for which they have 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, sewer, gas, plumbing, electrical, internet, cable television or other utility conduits or related facilities. Each Co-owner shall be responsible for damages or costs to the Association resulting from damage to or misuse of any of the Common Elements by them, or their family, guests, agents or invitees, or by casualties and occurrences, whether or not resulting from Co-owner negligence, involving items or Common Elements which are the responsibility of the Co-owner to maintain, repair and replace, unless such damages or costs are covered by primary insurance carried by the Association, in which case there shall be no such responsibility unless reimbursement to the Association is excluded

by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount. Any 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. Each individual Co-owner shall indemnify the Association and all other Co-owners against such damages and costs, including actual 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. The Co-owners shall have the responsibility to report to the Association any Common Element which has been damaged or which is otherwise in need of maintenance, repair or replacement as soon as it is discovered.

Section 15. Application of Restrictions to the Developer and Association. 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 Association and Bylaws as the same may be amended from time to time. Until all Units in the entire Condominium are sold by the Developer, the Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, storage areas, reasonable parking incident to the foregoing and such access to, from and over the Condominium as may be reasonable to enable development and sale of the entire Condominium by the Developer. The Developer shall restore the areas so utilized to habitable status upon termination of use.

Section 16. Costs of Enforcing Documents. Any and all costs, damages, fines, expenses or actual attorneys' fees incurred or levied by the Association in enforcing any of the restrictions set forth in this Article VI and/or rules and regulations promulgated by the Association and any expenses incurred as a result of the conduct of less than all those entitled to occupy the Condominium, or by their licensees or invitees, may be assessed to, secured by the statutory lien on the Unit and collected from the responsible Co-owner or Co-owners in the manner provided in Article II hereof. This specifically includes actual costs and legal fees incurred by the Association in investigating and seeking legal advice concerning violations, and responding to and defending actions relating to violations in small claims court, or any other court of competent jurisdiction.

Section 17. Developer and Association Approvals Revocable. All approvals given by the Developer or Association in accordance with these Bylaws shall be revocable and in the nature of a license, and can be withdrawn upon thirty (30) days written notice in the event of noncompliance with the conditions of such approval.

## **ARTICLE VII MORTGAGES**

Section 1. Notification of Mortgage. Any Co-owner who mortgages their 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.

Section 2. Notification to Mortgagee of Insurance Company. Upon written request submitted to the Association, the Association shall notify a mortgagee appearing in the Mortgages of Units book of the name of each company insuring the Common Elements against fire and perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

Section 3. Notification to Mortgagee of Meetings. Upon written 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. Notification to Mortgagees and Guarantors. The Association shall give the holder of any mortgage and any guarantors of the mortgage covering any Unit in the Condominium timely written notice of (i) any proposed action that requires the consent of a specified percentage of mortgagees, whether contained in the Master Deed or these Bylaws, (ii) any delinquency in the payment of assessments or other charges by a Co-owner that is not cured within sixty (60) days, and (iii) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

## ARTICLE VIII MEMBERSHIP AND VOTING

Section 1. Membership in the Association. Membership in the Association and voting by members of the Association shall be in accordance with the following provisions:

A. Designation of Members. Each Co-owner shall be a member of the Association and no other person or entity shall be entitled to membership.

B. Co-owner's Share of the Funds. 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 a Unit in the Condominium.

C. Co-owner Voting Designation. Except as limited in these Bylaws, each Co-owner (including the Developer) shall be entitled to one vote for each Unit owned, provided that the Co-owner is in good standing. As used throughout the Condominium Documents, "good standing" shall mean a Co-owner (or Director, as the case may be) who is current in all financial obligations owing to the Association and who is not in default of any of the provisions of the Condominium Documents. Voting shall be by number. In the case of any Unit owned jointly by more than one Co-owner, the voting rights appurtenant to that Unit may be exercised only jointly as a single vote.

D. Evidence of Ownership for Voting Purposes. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until they have presented evidence of ownership of a Unit in the Condominium to the Association. No Co-owner, other than the Developer, shall be entitled to vote prior to the First Annual Meeting of the Members held in accordance with Article IX except as otherwise specifically provided. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in subsection E below or by a proxy given by such individual representative.

E. Designation of Voting Representative. Each Co-owner, except the Developer, 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. The notice shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, limited liability company, association, trust or other entity that 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. At any meeting the filing of such written notice as a prerequisite to voting may be waived by the chairperson of the meeting.

F. Quorum. The presence in person or by proxy of 30% in number of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association. 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, or by such date as is established for voting in cases where no meeting is held, shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast. Any member who participates by remote communication in a meeting of members of the Association, as provided in Article IX, Section 5 below, shall also be counted in determining the necessary quorum.

G. Voting. Votes may be cast in person, in writing duly signed by the designated voting representative, or by any other means allowed by the voting procedures adopted by the Association for a given vote, provided the same are not in violation of the provisions of these Bylaws and Michigan law. Any proxies, written votes or other votes cast by means allowed hereunder must be filed with the Secretary of the Association or the Association's management agent at or before the appointed time of each meeting of the members of the Association or voting deadline if no meeting held. Votes may be cast by mail, fax, delivery, electronically (by any method not directly involving the physical transmission of paper, which creates a record that may be retrieved and retained by the Association and may be directly reproduced in paper form by the Association through an automated process), or any other method approved by the Association in advance of the vote. Cumulative voting shall not be permitted.

H. Majority. Unless otherwise provided, any action that could be authorized at a meeting of the members shall be authorized by the vote of a simple majority in number of those Co-owners qualified to vote and voting in person or by proxy at said meeting, or by allowed alternative means, in accordance with the provisions of these Bylaws. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth.

I. Action without Meeting. Any action that may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written vote or ballot of the members. Written votes or ballots, as the case may be, shall be solicited in the same manner as provided in these Bylaws 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 written votes must be received in order to be counted. The form of written vote 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 vote shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of written votes which equals or exceeds the quorum that would be required if the action were taken at a meeting; and (ii) a number of approvals that equals or exceeds the number of votes that would be required for approval if the action were taken at a meeting.

J. 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 2. Records and Books of the Association. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-Owner at least one (1) time a year a financial statement, the contents of which shall be defined by the Association which may be distributed by electronic transmission given in any such manner authorized by the person entitled to receive the financial statement which does not directly involve the physical transmission of paper, which creates a record that may be retrieved and retained by the recipient, and which may be directly reproduced in paper form by the recipient through an automated process, or by making the report available for electronic transmission, provided that any member may receive a written report upon request. If the annual revenues of the Association exceed twenty thousand Dollars (\$20,000.00), the Association shall have its books, records, and financial statements independently audited or reviewed by a certified public accountant, as defined in Section 720 of the occupational code, 1980 PA 299, MCL 339.720. The audit or review shall be performed in accordance with the statements on auditing standards or the statements on standards for accounting and review services, respectively, of the American Institute of Certified Public Accountants. The Association may opt out of the requirements imposed by the preceding sentence on an annual basis by an affirmative vote of a majority of its members. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within ninety (90) days following the end of the Association's fiscal year if requested. The costs of any such review or audit and any accounting expenses shall be expenses of administration. The Association also shall maintain on file current copies of the Master Deed for the Condominium, any amendments thereto and all other Condominium Documents and shall permit all Co-owners, prospective purchasers and prospective mortgagees interested in the Condominium to inspect the same during reasonable business hours.

## ARTICLE IX MEETINGS

Section 1. Place of Meetings. Meetings of the Association members shall be held at any suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association members shall be guided by Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Articles of Incorporation, the Master Deed or the laws of the State of Michigan. Only Co-owners in good standing, and their legal representatives, may speak at meetings of the Association and/or address the Board or Co-owners at any such meetings. Any person in violation of this provision or the rules of order governing the meeting, which are incorporated herein by reference, may be removed from such meeting, without any liability to the Association or its Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the members of the Association may be convened only by the Developer and may be called, in the Developer's discretion, at any time on or before the earlier of the dates provided for the first annual meeting in Sections 3B and 3C of Article X. The date, time and place of such first annual 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. Thereafter, the annual meetings of

members of the Association shall be held in the month of June each succeeding year at such time and place as shall be determined by the Board of Directors. The Board of Directors may, acting by a majority vote, change the date of the annual meeting in any given year, provided that at least one such meeting is held in each calendar year. Written notice of each annual meeting, as well as any change in the date of the annual meeting as provided for herein, shall be given to all Co-owners at least ten (10) days before the date for which the meeting is or was originally scheduled. At the annual meeting, there shall be elected by ballot or acclamation of the Co-owners a Board of Directors in accordance with the requirements of Article X of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors. The President shall also call a special meeting upon a petition signed by one third (1/3) of the Co-owners in number presented to the Secretary of the Association. In the event the President shall fail or refuse for any reason to call a special meeting as required hereby within sixty (60) days of a request therefore, then any director or Co-owner who requested such meeting shall be entitled to call and convene the same by providing notice of such meeting to all Co-owners in accordance with these Bylaws. This provision shall in no way be construed to validate any action allegedly taken at such special meeting if the action was beyond the authority of the persons purporting to take such action. Notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. 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, 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 pursuant to Article VIII, Section 1.E of these Bylaws or to the address of the Unit owned by the Co-owner shall be deemed notice served. In lieu thereof, said notice may also be hand delivered to a Unit if the Unit address is designated as the voting representative's address, and/or the Co-owner is a resident of the Unit. Electronic transmittal of such notice, may also be given in any such manner authorized by the person entitled to receive the notice which does not directly involve the physical transmission of paper which creates a record that may be retrieved and retained by the recipient and which may be directly reproduced in paper form by the recipient through an automated process. 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 5. Remote Communication Attendance; Remote Communication Meetings. A member may participate in a meeting of the members by a conference telephone or by other means of remote communication through which all persons participating in the meeting may hear each other, if the Board determines to permit such participation and (a) the means of remote communication permitted are included in the notice of the meeting or (b) if notice is waived or not required. All participants shall be advised of the means of remote communication in use and the names of the participants in the meeting shall be divulged to all participants. Members participating in a meeting by means of remote communication are considered present in person and may vote at such meeting if all of the following are met: (a) the Association implements reasonable measures to verify that each person considered present and permitted to vote at the meeting by means of remote communication is a member or proxy holder; (b) the Association implements reasonable measures to provide each member and proxy holder a reasonable opportunity to participate in the meeting and to vote on matters

submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings; and (c) if any member or proxy holder votes or takes other action at the meeting by means of remote communication, a record of the vote or other action is maintained by the Association. A member may be present and vote at an adjourned meeting of the members by means of remote communication as if they were permitted to be present and vote by the means of remote communication in the original meetings notice given. The Board may hold a meeting of the members conducted solely by means of remote communication.

Section 6. Adjournment for Lack of Quorum. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the 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. The quorum for each subsequent meeting shall be reduced by one-half from the quorum requirement of the previously scheduled meeting.

Section 7. Minutes. Minutes or a similar record of the proceedings of all meetings of members and the Board of Directors must be kept by the Association and, 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 BOARD OF DIRECTORS**

Section 1. Qualification and Number of Directors. The affairs of the Association shall be governed by a Board of Directors all of whom must be Co-owners of Units the Condominium and be in good standing, except for the First Board of Directors designated in the Articles of Incorporation of the Association and any successors thereto elected by the Developer prior to the First Annual Meeting of Members held pursuant to Article IX. Good standing shall be deemed to include a member who is current in all financial obligations owing to the Association and who is not in default of any of the provisions of the Condominium Documents. Except for the First Board of Directors, any Director who is delinquent in any financial obligation owed to the Association, including late fees, shall pay in full the amount due within sixty (60) days of the delinquency. During the period of delinquency, the Director shall not be permitted to vote on any delinquency matter of another Co-owner, including matters that may affect the Director's own Unit. If the Director does not comply with the delinquency cure time period, and notwithstanding any provisions to the contrary herein, the Director shall be deemed removed from the Board of Directors for the remainder of the director's term and the vacancy shall be filled in accordance with Section 5 of this Article X. The first Board of Directors designated in the Articles of Incorporation shall manage the affairs of the Association until a successor Board of Directors is elected at the first meeting of members of the Association convened at the time required by Article IX. The Board shall consist of five (5) members and, except for Board positions held by the Developer, no two occupants of the same Unit may serve on the Board of Directors at the same time. Directors shall serve without compensation.

Section 2. Election of Directors. The following provisions shall apply to election of the Board and Advisory Committee before and after the Transitional Control Date:

A. Advisory Committee. An advisory committee of non-Developer Co-owners shall be established either one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of one-third (1/3rd) of the Units that may be created, or one (1) year after

the initial conveyance of legal or equitable title to a non-Developer Co-owners of a Unit in the Condominium, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communications and aiding the transition of control to the Association. The advisory committee shall cease to exist when a majority of the Board of Directors of the Association is elected by the non-Developer Co-owners.

B. Co-owner Elected Directors. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of twenty-five percent (25%) of the Units that may be created, at least one (1) director and not less than twenty-five percent (25%) of the Board of Directors shall be elected by non-Developer Co-owners. No later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of seventy-five percent (75%) of the Units that may be created, and before conveyance of ninety percent (90%) of such Units, the first annual meeting shall be called and 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 Condominium, or as long as ten percent (10%) of the Units remain that may be created.

C. Co-owner Controlled Board. Notwithstanding the formula provided in subsection B, fifty-four (54) months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit, if title to not less than seventy-five percent (75%) of the Units that may be created has not been conveyed, the first annual meeting shall be called and the non-Developer Co-owners have the right to elect, as provided in the Condominium Documents, a number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer has the right to elect, as provided in the Condominium Documents, a number of members of the Board 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 B. Application of this subsection does not require a change in the size of the Board as determined by the Condominium Documents.

D. Fractional Shares. If the calculation of the percentage of members of the Board that the non-Developer Co-owners have the right to elect under subsection B, or if the product of the number of members of the Board, multiplied by the percentage of Units held by the non-Developer Co-owners under subsection C results in a right of non-Developer Co-owners to elect a fractional number of members of the Board, 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 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. Application of this subsection shall not eliminate the right of the Developer to designate one (1) member as provided in subsection B.

E. Definitions. As used in this section, the term "units that may be created" means the maximum number of Units in all phases of the Condominium as stated in the Master Deed.

F. Election of Directors At and After the First Annual Meeting. At the first annual meeting all five (5) members of the Board shall stand for election as a single slate. The 3 nominees receiving the highest number of votes shall be elected for two (2) year term. The 2 nominees receiving the next highest number of votes, shall be elected to serve a one (1) year term. Each year thereafter, either 3 or 2 Directors shall be elected (depending on the number of directorships whose terms have expired), and all such future Directors shall serve for two (2) year terms. All directors shall hold office until their

successors have been elected and hold their first meeting. As long as the Developer is entitled to a seat on the Board, the Developer representative shall fill a one year directorship.

Section 3. Powers and Duties. The Board of Directors shall have all 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. In addition to the foregoing general powers and duties imposed by these Bylaws, or any further powers and duties which may be imposed by law or the Articles of Incorporation, the Board of Directors shall be responsible specifically for the following:

A. Management and Administration. To manage and administer the affairs of and maintenance of the Condominium and the Common Elements thereof, all to the extent set forth in the Condominium Documents.

B. Collecting Assessments. To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

C. Insurance. To carry insurance and collect and allocate the proceeds thereof in the manner set forth in Article IV hereof.

D. Rebuild Improvements. To rebuild improvements after casualty, subject to the terms hereof.

E. Contract and Employ Persons. To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium.

F. Real or Personal Property. 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 any easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

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

H. Borrow Money. To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business 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 more than fifty percent (50%) of all of the members of the Association, except in the case of financing or re-financing of a Unit acquired through foreclosure of the statutory lien for unpaid assessments, which shall require no such approval.

I. Assign Right to Future Income. To assign its right to future income, including the right to receive Co-owner assessment payments.

J. Rules and Regulations. To make rules and regulations in accordance with Article VI of these Bylaws.

K. Committees. 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, or any specific Officers or Directors of the Association any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

L. Enforce Documents. To enforce the provisions of the Condominium Documents.

M. Mortgage Financing. To make rules and regulations and/or to enter into agreements with institutional lenders the purposes of which are to obtain mortgage financing for Co-owners which are acceptable for purchase by the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Government National Mortgage Association and/or any other agency of the federal government or the State of Michigan.

Section 3. Professional Management. 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 Section 3 of this Article X, 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 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. In the event the Board does employ professional management for the Association, the Board shall, pursuant to Section 90a of the Condominium Act, secure the approval of two-thirds (2/3rds) of the institutional holders of first mortgage liens on any Unit in the Condominium prior to terminating professional management and assuming self management. Any management contract made prior to the Transitional Control Date and extending for a period in excess of one (1) year after the Transitional Control Date shall have a provision that the period in excess of one (1) year may be voided by the Board of Directors by notice to the management agent at least thirty (30) days before the expiration of the one (1) year period.

Section 4. Vacancies. Vacancies in the Board of Directors 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. Each person so appointed shall be a director until the end of the term of the Director who they replaced and a successor is elected at such annual meeting of the Association.

Section 5. Removal of Directors. At any regular or special meeting of the Association duly called and held, any one or more of the directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) of all Co-owners in attendance at the meeting, and a successor may then and there be elected to fill the vacancy thus created. The quorum requirement for the purpose of removing a Director and filling any vacancy shall be the normal 30% requirement. Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting.

Section 6. First Meeting of New Board. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place and time as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the entire Board is present at such a meeting.

Section 7. 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. 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, or by mail, facsimile, electronically or telephone at least three (3) days prior to the date of the meeting, unless waived by said director. Electronic transmission of such notice may also be given in any such manner authorized by the director entitled to receive the notice which does not directly involve the physical transmission of paper, which creates a record that may be retrieved and retained by the director, and which may be directly reproduced in paper form by the director through an automated process.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the president upon three (3) days' notice to each director, given personally, or by mail, facsimile, electronically or by telephone, which notice shall state the time, place and purpose of the meeting. Electronic transmission of such notice may also be given in any such manner authorized by the director entitled to receive the notice which does not directly involve the physical transmission of paper, which creates a record that may be retrieved and retained by the director, and which may be directly reproduced in paper form by the director through an automated process. Special meetings of the Board of Directors shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing or orally, 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 that director 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 10. 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. A Director will be considered present and may vote on matters before the Board by proxy, by teleconference, electronically or by any other method giving the remainder of the Board sufficient notice of the absent Director's vote and position on any given matter, provided however, that any vote not in writing is confirmed in writing not later than the next meeting of the Board. 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 from time to time. At any such adjourned meeting, any business that 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 11. Action without Meeting. Any action permitted to be taken by the Board of Directors at a meeting of the Board shall be valid if consented to in writing, including by electronic transmission, by the requisite majority of the Board of Directors. Further, the presiding officer of the Association, in exceptional cases requiring immediate action, may poll all Directors by phone for a vote, and provided the action is consented to by the requisite number of Directors, such vote shall constitute valid action by the Board, provided the results of the vote and the issue voted upon are noted in the minutes of the next Board meeting to take place.

Section 12. Closing of Board of Directors' Meetings to Members; Privileged Minutes. The Board of Directors, in its discretion, may close a portion or all of any meeting of the Board of Directors to the members of the Association or may permit members of the Association to attend a portion or all of any meeting of the Board of Directors. Any member of the Association shall have the right to inspect, and make copies of, the minutes of the meetings of the Board of Directors; provided, however, that no member of the Association shall be entitled to review or copy any minutes of meetings of the Board of Directors to the extent that said minutes reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, common law, the Michigan Rules of Evidence, or the Michigan Court Rules.

Section 13. Remote Communication Participation. Members of the Board of Directors may participate in any meeting by means of conference telephone or other means of remote communication through which all persons participating in the meeting can communicate with the other participants. Participation in a meeting by such means constitutes presence in person at the meeting.

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, which shall be in an amount at least equal to three months of regular assessments plus the balance in the reserve fund. The premiums for such bonds shall be expenses of administration.

Section 15. First Board of Directors. Any reference to the "First Board of Directors" in the Master Deed, these Bylaws, or the Articles of Incorporation shall mean and refer to the Board of Directors named in the Articles of Incorporation, including any successor or additional director appointed by the First Board of Directors prior to the first annual meeting of the Association.

## **ARTICLE XI OFFICERS**

Section 1. Designation. The principal officers of the Association shall be a president, vice president, secretary and treasurer. The directors may appoint 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 person. The President must be a member of the Board of Directors.

Section 2. Appointment. The officers of the Association shall be appointed annually by the Board of Directors and shall hold office at the pleasure of the Board.



Section 3. Removal. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed by the Board of Directors either with or without cause, and the successor to the removed officer may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The president shall be the chief executive officer of the Association, and 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 a corporation, including, but not limited to, the power to appoint committees from among the members of the Association from time to time in the president's discretion as may be deemed appropriate to assist in the conduct of the affairs of the Association.

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

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

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

## ARTICLE XII FINANCES

Section 1. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Board of Directors. The commencement date of the fiscal year of the Association shall be subject to change by the Board of Directors for accounting reasons or other good cause.

Section 2. Banking. The funds of the Association shall be deposited in such bank or other depository as may be designated by the Board of 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.

Section 3. Investment of Funds. Funds of the Association shall only be invested in interest bearing obligations of the United States Government, in accounts that are fully insured and/or backed by the full faith and credit of the United States Government, or in depositories as may be adequately insured in the discretion of the Board of Directors.

## ARTICLE XIII INDEMNIFICATION

Section 1. Indemnification of Directors and Officers. Every director and every 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 the director or officer 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 the director or officer may be a party or in which they may become by reason of their being or having been a director or officer of the Association, whether or not they are a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of the director's or officer's duties, and except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the 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. The Board of Directors shall notify all Co-owners of payment of any indemnification that it has approved at least ten (10) days before payment is made. The indemnification rights of this Article shall be at all times construed to be consistent with those contained in the Articles of Incorporation of the Association.

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

## ARTICLE XIV COMPLIANCE

Section 1. Compliance with the Condominium Act and Condominium Documents. The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the facilities of the Condominium in any manner are subject to and shall comply with the provisions of the Condominium Act and the Condominium Documents. In the event that the Condominium Documents conflict with the provisions of any Statute, the Statute shall govern. If any provision of these Bylaws conflicts with any provision of the Master Deed, the Master Deed shall govern.

Section 2. Amendment. These Bylaws may be amended in accordance with the Condominium Act and Article XI of the Master Deed.

Section 3. Definitions. All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit, or as set forth in the Act.

## **ARTICLE XV REMEDIES FOR DEFAULT**

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

A. Remedies for Default by a Co-owner to Comply with the Documents. 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.

B. Costs Recoverable From Co-owner. Failure of a Co-owner and/or non-Co-owner resident or guest to comply with the Condominium Documents shall entitle the Association to recover from such Co-owner or non-Co-owner resident or guest the pre-litigation costs and actual reasonable attorneys' fees incurred in obtaining their compliance with the Condominium Documents. In addition, in any proceeding arising because of an alleged default by any Co-owner, or in cases where the Association must defend an action brought by any Co-owner(s) or non-Co-owner resident or guest, (regardless if the claim is original or brought as a defense, a counterclaim, cross claim or otherwise), the Association, if successful, shall be entitled to recover from such Co-owner or non-Co-owner resident or guest pre-litigation costs, the costs of the proceeding and actual attorney's fees (not limited to statutory fees), incurred in defense of any claim or obtaining compliance or relief, but in no event shall any Co-owner be entitled to recover such attorney's fees or costs against the Association. The Association, if successful, shall also be entitled to recoup the costs and attorneys' fees incurred in defending any claim, counterclaim or other matter.

C. Association's Right to Abate. 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, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of its exercise of its removal and abatement power granted hereunder.

D. 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 in accordance with Article XVI of these Bylaws.

Section 2. Failure to Enforce Rights. The failure of the Association or of any Co-owner to enforce any right, provision, covenant or condition that 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, provisions, covenant or condition in the future.

Section 3. Cumulative Rights. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants or conditions

of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 4. Rights of Co-owners. A Co-owner may maintain an action against the Association to compel enforcement of the provisions of the Condominium Documents, and may maintain an action for injunctive relief or damages against any other Co-owner for noncompliance with the Condominium Documents. Even if successful, Co-owners may not recover attorneys fees from the Association, but may recover such fees from another Co-owner if successful in obtaining compliance with the Condominium Documents.

Section 5. Limitation on Suits Against the Developer and Others Involved in the Condominium Prior to the Transitional Control Date. A person or entity shall not maintain an action against any Developer, residential builder, licensed architect, contractor, sales agent or manager of a Condominium arising out of the development or construction of the Common Elements, or the management, operation, or control of the Condominium prior to the Transitional Control Date, more than 3 years from the Transitional Control Date, or 2 years from the date the cause of action accrues, whichever occurs later. Further, notwithstanding any provisions in the Master Deed or these Bylaws to the contrary, the Association shall not levy any assessment or expend any Association funds for the purpose of funding otherwise permitted litigation against the Developer, or any of its affiliates or successors or assigns, relating to the development or construction of the Common Elements, or the management, operation, or control of the Condominium prior to the Transitional Control Date, without first obtaining the written approval of more than 60% of all Co-owners, after first disclosing in writing to all Co-owners the exact nature of the intended proceeding, the estimated total costs of that proceeding, the estimated total time involved for the proceeding, the name, qualifications and fee schedule of counsel proposed to be chosen by the Association to prosecute the proceeding, and the name, qualifications, fee schedule and evaluations of any architect, engineer, CPA or other professional advisor chosen or hired by the Association to evaluate and establish the basis of any claim of the Association to be pursued in the intended proceeding.

## ARTICLE XVI FINES

Section 1. General. The violation by any Co-owner, occupant or guest of any of the 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 their personal actions or the actions of their family, guests, tenants, invitees or any other person admitted through such Co-owner to the Condominium Premises.

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

A. Notice. Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address on file with the Association.

B. Hearing. The offending Co-owner shall be provided a scheduled hearing before the Board at which the Co-owner may offer evidence in defense of the alleged violation. The hearing before the Board shall be at its next scheduled meeting, but in no event shall the Co-owner be required to appear less than 7 days from the date of the notice.

C. Decision. Upon appearance by the Co-owner before the Board and presentation of evidence of defense, or in the event the Co-owner fails to appear at the scheduled hearing, 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 2. Fines. Upon violation of any of the provisions of the Condominium Documents and upon the decision of the Board as recited above, the following fines may be levied:

FIRST VIOLATION	No fine will be levied
SECOND VIOLATION	\$50.00 Fine
THIRD VIOLATION	\$100.00 Fine
FOURTH VIOLATION	\$200.00 Fine
AND ALL SUBSEQUENT VIOLATIONS	

The Board of Directors, without the necessity of an amendment to these Bylaws, may make such changes in said fines or adopt alternative fines, including the indexing of such fines to the rate of inflation, in accordance with duly adopted Rules and Regulations promulgated in accordance with Article VI of these Bylaws. For purposes of this Section, the number of the violation (i.e. first, second etc.) is determined with respect to the number of times that a Co-owner violates the same provision of the Condominium Documents, as long as that Co-owner may be an owner of a Unit or occupant of the Condominium, and is not based upon time or violations of entirely different provisions. In the case of continuing violations, a new violation will be deemed to occur each successive week during which a violation continues, however, no further hearings other than the first hearing shall be required for successive violations once a violation has been found to exist. Nothing in this Article shall be construed as to prevent the Association from pursuing any other remedy under the Condominium Documents or the Condominium Act for such violations, or from combining a fine with any other remedy or requirement to redress any violation.

Section 3. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be immediately due and payable. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Documents including, without limitations, those described in Article II and Article XV of these Bylaws.

## **ARTICLE XVII RESERVED RIGHTS OF DEVELOPER**

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

assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period. 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 assignees in the Master Deed or elsewhere including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby.

**ARTICLE XVIII  
SEVERABILITY**

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