

**CONDOMINIUM BYLAWS
PINE RIDGE SITE CONDOMINIUM**

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**CONDOMINIUM BYLAWS
PINE RIDGE SITE CONDOMINIUM**

**ARTICLE I
ASSOCIATION OF CO-OWNERS**

Section 1.1 Formation; Membership. Pine Ridge Site Condominium (the "Condominium"), a residential condominium project located in Oceola Township, Livingston County, Michigan, shall be administered by the Pine Ridge Site Condominium Association (the "Association"), which shall be a non-profit corporation organized under the applicable laws of the State of Michigan. The Association shall be responsible for the management, maintenance (which term, for purposes of these Bylaws, shall also mean decoration, repair, renovation, restoration and replacement, unless otherwise specified), operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Condominium Bylaws referred to in the Master Deed and required by Section 53 of the Act and the Association Bylaws provided for under the Michigan Non-profit Corporation Act. Each Co-Owner shall be a Member in the Association and no other person or entity shall be entitled to membership. Co-Owners are sometimes referred to as "Members" in these Bylaws. A Co-Owner's share of the Association's funds and assets cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall retain in its files current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project, all of which shall be available at reasonable hours for review by Co-Owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-Owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the Condominium Documents.

Section 1.2 Definitions. Capitalized terms used in these Bylaws without further definition shall have the meanings ascribed to such terms in the Master Deed, or the Act unless the context dictates otherwise.

Section 1.3 Conflicts of Terms and Provisions. In the event there exists any conflict among the terms and provisions contained within the Master Deed or these Bylaws, the terms and provisions of the Master Deed shall control.

**ARTICLE II
ASSESSMENTS**

Section 2.1 Assessments Against Units and Co-Owners. All expenses arising from the management, administration and operation of the Association in accordance with the authorizations and responsibilities prescribed in the Condominium Documents and the Act shall be levied by the Association against the Units and the Co-Owners thereof, in accordance with the provisions of this Article II.

Section 2.2 Assessments for Common Elements

- (a) All costs incurred by the Association to satisfy any liability or obligation arising from, caused by, or connected with the General Common Elements or the administration of the Condominium Project, shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-Owners against liabilities or losses arising within, caused by, or connected with the General Common Elements, the Easements, or the administration of the Condominium Project, shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.
- (b) All costs incurred by the Association to satisfy any liability or obligation arising from, caused by, or connected with any Limited Common Elements shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-Owners against liabilities or losses arising within, caused by, or connected with the Limited Common Elements shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act, which shall be allocated only to those Units appurtenant to the applicable Limited Common Elements.

Section 2.3 Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

- (a) **Budget.** The Board of Directors of the Association shall establish an annual budget (the "Budget") in advance for each fiscal year and such Budget shall project all expenses for the ensuing year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves and such amounts as may be determined to be necessary to support the Common Recreation Facilities as described in below in Section 2.3(e). An adequate reserve fund for maintenance of the Common Elements that must be repaired or replaced on a periodic basis shall be established in the budget and must be funded by regular periodic payments as set forth in Section 2.4 below, rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual Budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for the Project, the Association of Co-Owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserves should be established for other purposes from time to time. Upon adoption of a Budget by the Board of Directors, copies of the Budget shall be delivered to each Co-Owner and the assessment for said year shall be established based upon said Budget. The applicable annual assessments, as levied, shall constitute a lien against all Units as of the first day of the fiscal year in which the assessments relate. Failure to deliver a copy of the Budget to each Co-Owner shall not affect or in any way diminish such lien or the liability of any Co-Owner for any existing or future assessments. Should the Board of Directors at any time determine, in its sole discretion that the assessments levied are or may prove to be insufficient: (1) to pay the actual costs of the Condominium Project's operation and management, (2) to provide for maintenance of existing Common Elements, (3)

to provide additions, restoration, renovation and replacement to the Common Elements not exceeding five thousand (\$5,000.00) dollars annually for the entire Condominium Project, or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessments and to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors shall also have the authority, without Co-Owner or mortgagee consent, to levy assessments for repair, restoration, renovation and replacement in the event of casualty, pursuant to the provisions of Section 5.2 below. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and its Members, and shall not be enforceable by any creditors of the Association or its Members.

- (b) Special Assessments.** Special assessments, in addition to those required in Section 2.3(a) above, may be made by the Board of Directors from time to time, subject to Co-Owner approval as hereinafter provided, to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding five thousand (\$5,000.00) dollars for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 2.6 below, or (3) assessments for any other appropriate purpose that could not be covered by the annual assessment. Special assessments referred to in this subparagraph (b) (but not including assessments referred to in Section 2.3(a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of the Co-Owners representing sixty (60%) percent or more of all Co-Owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and its Members and shall not be enforceable by any creditors of the Association or its Members.
- (c) Remedial Assessments.** If any Co-Owner fails to provide proper maintenance of any Limited Common Element that is appurtenant to his Unit or any improvement within his Unit, which failure, in the reasonable opinion of the Board of Directors adversely affects the appearance of the Condominium Project as a whole, or the safety, health or welfare of the other Co-Owners of the Condominium Project, the Association may, following notice to such Co-Owner, take any actions reasonably necessary to provide such maintenance for the applicable Limited Common Element or improvement, and the cost thereof shall be assessed against the Co-Owner who has the responsibility under the Master Deed or these Bylaws to maintain such Limited Common Element or improvement. The Association may also take the actions permitted under Section 4.3(b) of the Master Deed, and the cost(s) thereof shall be assessed as provided in said Section 4.3(b).
- (d) Working Capital Contribution.** Any Co-Owner who acquires a Unit from the Developer shall pay to the Association, on the date said Unit is conveyed to the Co Owner, an amount equal to the then current annual assessment, which sum constitutes a one-time, non-refundable contribution to the Association's working capital account.
- (e) Assessments in Support of Common Recreation Facilities.** The annual assessments collected by the Association shall include a pro-rata share of the cost of operating, maintaining, repairing and replacing the Common Recreation Facilities described in Section 9.4 of the Master Deed, including the amounts required for the operation, maintenance, repair, and replacement of

those Common Recreation Facilities that are located within the Duplex Condominium; which amounts shall be paid over by the Association to the Duplex Condominium Association as provided in Section 9.4(b) of the Master Deed.

Section 2.4 Apportionment of Assessments and Penalty for Default. Unless otherwise provided in these Bylaws or in the Master Deed, all assessments levied against the Co-Owners to cover management, maintenance, operation and administration expenses shall be apportioned among and paid by the Co-Owners in accordance with the respective percentages of value allocated to each Co-Owner's Unit in Article V of the Master Deed, without adjustment for the use or non-use of any or all of the Common Elements. Annual assessments determined in accordance with Section 2.3(a) above shall be paid by Co-Owners in one (1) annual installment, commencing with the 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; provided that the Association's Board of Directors may elect to collect the annual assessments in bi-annual or quarterly installments. A Co-Owner shall be in default of his assessment obligations if he fails to pay any assessment installment when due. A late charge not to exceed twenty five (\$25.00) dollars per month shall be assessed automatically by the Association upon any assessments in default for ten (10) or more days until the assessment installments) together with the applicable late charges are paid in full. Each Co-Owner (whether one (1) or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) relating to his Unit which may be levied while such Co-Owner owns the Unit. Payments to satisfy assessment installments in default shall be applied as follows: first, to the costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to the installments in default in the order of their due dates.

Section 2.5 Waiver of Use or Abandonment of Units. No Co-Owner may exempt himself from liability for his assessment obligations by waiving the use or enjoyment of any of the Common Elements or by abandoning his Unit.

Section 2.6 Liens for Unpaid Assessments. The sums assessed by the Association which remain unpaid, including but not limited to regular assessments, special assessments, fines and late charges, shall constitute a lien upon the Unit or Units in the Project owned by the Co-Owner at the time of the assessment and upon the proceeds of sale of such Unit or Units. The lien upon each Condominium Unit owned by the Co-Owner shall be in the amount assessed against the Unit, plus any and all costs of collection, including attorney fees, and interest at the highest lawful rate that shall accrue from the date that the unpaid assessment was due. Any such unpaid sum shall constitute a lien against the Unit as of the first day of the fiscal year in which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Co-Owner shall be deemed to be assessments for purposes of this Section 2.6 and Section 108 of the Act and shall include any and all amounts required to support the Common Recreation Facilities as provided in Section 2.3(e) above, including the Common Recreation Facilities located within the Duplex Condominium Association.

Section 2.7 Enforcement.

- (a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce the collection of delinquent assessments by a suit at law or by foreclosure on the statutory lien that secures payment of assessments. In the event any Co-Owner defaults in the payment of any annual assessment installment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. The Association may also discontinue furnishing any utilities or other services to a Co-Owner in default upon seven (7) days written notice to such Co-Owner. A Co-Owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association until the default is cured; provided, however, this provision shall not operate to deprive any Co-Owner of ingress or egress to and from his Unit or the dwelling or other improvements constructed thereon. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-Owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Section 17.4 of these Bylaws. All of these remedies shall be cumulative and not alternative.
- (b) **Foreclosure Proceedings.** Each Co-Owner, and every other person who has any interest in the Project, shall be deemed to have, granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. In addition, each Co-Owner and every other person who from time to time has any interest in the Project, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. EACH CO-OWNER OF A UNIT IN THE PROJECT ACKNOWLEDGES THAT AT THE TIME OF ACQUIRING TITLE TO SUCH UNIT, HE WAS NOTIFIED OF THE PROVISIONS OF THIS SUBPARAGRAPH AND HE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY WAIVED NOTICE OF ANY PROCEEDINGS BROUGHT BY THE ASSOCIATION TO FORECLOSE ANY ASSESSMENT LIENS BY ADVERTISEMENT AND WAIVED THE RIGHT TO A HEARING PRIOR TO THE SALE OF THE APPLICABLE UNIT.
- (c) **Notices of Action.** Notwithstanding the provisions of Section 2.7(b), the Association shall not commence a judicial foreclosure action or a suit for a money judgment or publish any notice of foreclosure by advertisement, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-Owner at his last known address, of a written notice that one (1) or more assessment installments levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies under these Bylaws if the default is not cured within forty-five (45) days from the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association

that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Unit(s) and (v) the name(s) of the Co-Owners) of record. Such affidavit shall be recorded in the office of the Livingston County Register of Deeds prior to the commencement of any foreclosure proceeding. If the delinquency is not cured within the forty- five (45) day period, the Association may take such remedial action as may be available to it under these Bylaws and under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall notify the delinquent Co-Owner of the Association's election and shall inform him that he may request a judicial hearing by bringing suit against the Association.

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

(e) Enforcement Rights of Duplex Condominium Association. As set forth in the Pine Ridge Community Declaration described in Section 9.5 of the Master Deed and as provided in the Bylaws attached as Exhibit A to the master deed of the Duplex Condominium, the Duplex Condominium Association shall have the same rights of enforcement as are accorded to the Association in this Section 2.7 with respect to such unpaid amounts as may have been properly assessed against a Unit for the support of a Common Recreation Facilities situated within the Duplex Condominium and thus subject to maintenance, repair and replacement by the Duplex Condominium Association. Said rights of enforcement shall include the right to record notices of lien against Units owned by Co-owners that fail to pay such amounts and the right to foreclose on the lien pursuant to the procedures set forth in this Section 2.7.

Section 2.8 Liability of Mortgagees. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, and any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit.

Section 2.9 Developer's Responsibility for Assessments. Neither the Developer nor any of its successors and assigns ("Assignee"), although a Member of the Association, shall be responsible at any time for the payment of Association assessments, except with respect to Units owned by the Developer or its Assignee which contain a completed and occupied residential dwelling. A residential dwelling is complete when it has received a certificate of occupancy or its equivalent from the Livingston County Building Department (or such other appropriate governmental agency) and a residential dwelling is occupied if it is being utilized as a residence. In addition, in the event Developer or its Assignee is selling a Unit with a completed residential dwelling thereon by land contract to a Co-Owner, the Co-Owner shall be liable for all assessments and the Developer or its Assignee shall not be deemed the owner of

the applicable Unit and shall not be liable for any assessments levied up to and including the date, if any, upon which Developer or its Assignee actually retakes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. However, the Developer or its Assignee shall at all times pay the maintenance expenses pertaining to the Units that it owns, together with a proportionate share of all current maintenance expenses actually incurred by the Association (excluding reserves) for utility maintenance, landscaping, sign lighting and snow removal, but excluding management, fees and expenses related to the maintenance and use of Units in the Project that are not owned by the Developer or its Assignee. For purposes of the foregoing sentence, the Developer's or its Assignee's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer or its Assignee at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer or its Assignee be responsible for assessments for deferred maintenance, reserves for maintenance, capital improvements or other special assessments, except with respect to Units that are owned by the Developer or its Assignee which contain completed and occupied residential dwellings. Any assessments levied by the Association against the Developer or its Assignee for other purposes, without the Developer's or its Assignee's prior written consent, shall be void and of no effect. In addition, neither the Developer nor its Assignee shall be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or its Assignee or to finance any litigation or claims against the Developer or its Assignee, any cost of investigating or preparing such litigation or claim, or any similar or related costs.

Section 2.10 Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 2.11 Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-Owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 2.12 Construction Liens. A construction lien otherwise arising under Act No 49.7 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 2.13 Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement from the Association identifying the amount of any unpaid Association regular or special assessments relating to such Unit. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement identifying any existing unpaid assessments and, related collection costs, interest and fines or a written statement that none exist, which statement shall be binding- upon the Association for the period stated therein. Upon the payment of the sum identified in the statement within the period identified in the statement, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, if a purchaser fails to request such statement at least five (5) days prior to the closing of the purchase of such Unit, any unpaid assessments and related costs and the lien securing them shall be fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit, and the sale

proceeds thereof which has priority over all claims except tax liens in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record.

ARTICLE II ARBITRATION

Section 3.1 Scope and Election. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between the Co-Owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration, and the parties shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time shall be applicable to any such arbitration.

Section 3.2 Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 3.1 above, any Co-Owner or the Association may petition the courts to resolve any disputes, claims or grievances.

Section 3.3 Election of Remedies. The election and written consent by the disputing parties to submit any dispute, claim or grievance to arbitration shall preclude such parties from thereafter litigating such dispute, claim or grievance in the courts. Nothing contained in this Article III shall limit the rights of the Association or any Co-Owner, described in Section 144 of the Act.

ARTICLE IV INSURANCE

Section 4.1 Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the Common Elements of the Project, carry fire and extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion), officers' and directors' liability insurance and workmen's compensation insurance, if applicable, and other insurance the Association may deem applicable, desirable or necessary pertinent to the ownership, use and maintenance of the Common Elements and such insurance shall be carried and administered in accordance with the following provisions:

- (a) Responsibilities of the Association.** All of the insurance referenced in this Section 4.1 shall be purchased by the Association for the benefit of the Association, the Co-Owners and their mortgagees as their interests may appear, and a provision shall be made for the issuance of mortgagee endorsements to the mortgagees of Co-Owners.
- (b) Insurance of Common Elements.** All Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and

excavation costs, if any, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives, utilizing commonly employed methods for the reasonable determination of replacement costs.

- (c) **Premium Expenses.** All premiums on insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration, and shall be assessed equally against all Units.
- (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, restoration or replacement of any part 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 same shall be retained by the Association and applied for such repair, restoration or replacement, as applicable.

Section 4.2 Authority of Association to Settle Insurance Claims. Each Co-Owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance by the Association of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project, the Common Elements appurtenant thereto, and the Easements. Without limiting the foregoing, the Association shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect insurance proceeds and to distribute the same to the Association, the Co-Owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), and/or to utilize said proceeds for required repairs, restoration or replacement, to execute releases of liability and to execute all documents and to do all things on behalf of such Co-Owner and the Condominium as shall be necessary or convenient to accomplish the foregoing purposes.

Section 4.3 Co-Owner Responsibilities. Each Co-Owner shall be responsible, for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the dwelling, appurtenances, and, except with respect to improvements that the Association or the Developer is required to maintain, all other improvements constructed or to be constructed within the perimeter of his Unit, and for his personal property located therein or thereon or elsewhere in the Condominium Project. The Association shall have no responsibility whatsoever to provide such insurance. In addition, except with respect to improvements that the Association or the Developer is required to maintain, each Co-Owner shall be obligated to obtain insurance coverage for personal liability (and, where applicable, workmen's compensation insurance) for occurrences within the perimeter of his Unit, naming the Association and the Developer as additional insureds, and also for any other personal 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 under this Section 4.3. If a Co-Owner fails to obtain such insurance or to provide evidence of such insurance to the Association, the Association may, but is not obligated to, obtain such insurance on behalf of the Co-Owner and the premiums for such insurance

shall constitute a lien against the Co-Owner's Unit which may be collected in the same manner that assessments may be collected under Article II of these Bylaws.

Section 4.4 Waiver of Subrogation. The Association, as to all policies which it obtains, and all Co-Owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association and any Co-Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-Owner or the Association.

Section 4.5 Indemnification. Each individual Co-Owner shall indemnify and hold harmless every other Co-Owner, the Developer and the Association for all damages and costs, including attorney's fees, which the other Co-Owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within an individual Co-Owner's Unit, provided, however, that such obligation shall not extend to any claim arising out of an occurrence on or within the Easements unless such claim resulted from the applicable Co-Owner's negligence or willful misconduct. Each Co-Owner shall carry insurance to secure the indemnity obligations under this Section 4.5, if required by the Association, or if required by the Developer during the Construction and Sales Period. This Section 4.5 is not intended to give my insurer any subrogation right or any other right or claim against any individual Co-Owner.

ARTICLE V MAINTENANCE

Section 5.1 Co-Owner Responsibility for Maintenance. As required under the Master Deed, specifically Section 4.3, which provisions shall control in the case of conflict, each Co-Owner shall be responsible for all maintenance of the dwelling, appurtenances, and all other improvements, fixtures and personal property within his Unit and the Limited Common Elements, if any, appurtenant thereto (except to the extent any such Limited Common Element or any portion of the Unit is to be maintained by the Developer or the Association as otherwise provided for herein). If any damage to the dwelling or other improvements constructed within a Co-Owner's Unit or appurtenant Limited Common Element for which the Co-Owner has maintenance obligations adversely affects the appearance of the Project, the Co-Owner shall proceed to remove, repair or replace the damaged property without delay.

Section 5.2 Association Responsibility for Maintenance. The Association shall be responsible for the maintenance of the General Common Elements and as provided in the Master Deed, for such easements as may comprise General Common Elements pursuant to Article IV of the Master Deed. Immediately following a casualty to property for which the Association has such maintenance responsibility, the Association shall obtain reliable and detailed cost estimates to repair, restore or replace; as applicable, the damaged property to a condition comparable to that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of such repair, restoration or replacement, or if at any time during such repair, restoration or replacement or upon completion of such repair, restoration or replacement, there are insufficient funds for the payment of such repair, restoration or replacement, the Association shall make an assessment against all Co-Owners for an amount, which

when combined with available insurance proceeds, shall be sufficient to fully pay for the cost of such repair, restoration or replacement of the damaged property. Any such assessment made by the Board of Directors of the Association shall be governed by Section 2.3(a) of these Bylaws. Nothing contained in this Section 5.2 is intended to require the Developer or the Association to replace mature trees and vegetation with equivalent trees or vegetation.

Section 5.3 Timely Repair, Restoration or Replacement. If any damage to Common Elements or a Unit adversely affects the appearance of the Project, the Association or Co-Owner responsible for the maintenance thereof shall proceed to repair, restore or replace, as applicable, the damaged property without delay, and shall use its best efforts to complete such action within six (6) months from the date upon which the property damage occurred.

Section 5.4 Eminent Domain. Section 133 of the Act and the following provisions shall control in the event all or a portion of the Project is subject to eminent domain:

- (a) Taking of a Unit or Related Improvements.** Subject to Subsection 5.4(b) below, in the event all or a portion of a Unit and/or its appurtenant Limited Common Elements are taken by eminent domain, the award for such taking shall be paid to the CoOwner of such Unit and the mortgagee thereof, as their interests may appear. If the entire Unit is taken by eminent domain, on the acceptance of such award by the Co-Owner and his mortgagee, they shall be divested of all interest in the Condominium Project.
- (b) Taking of General Common Elements.** If there is a taking of any portion of the General Common Elements, the condemnation proceeds relative to such taking shall be paid to the Co-Owners and their mortgagees in proportion to their respective undivided interest in the General Common Elements unless pursuant to the affirmative vote of Co-Owners representing greater than fifty (50%) percent of the total votes of all Co-Owners qualified to vote, at a meeting duly called for such purpose, the Association is directed to repair, restore or replace the portion so taken or to take such other action as is authorized by a majority vote of the Co-Owners with the prior written approval of the Township. If the Association is directed by the requisite number of Co-Owners to repair, restore, or replace all or any portion of the General Common Elements taken, the Association shall be entitled to retain the portion of the condemnation proceeds necessary to accomplish the repair, restoration or replacement of the applicable General Common Elements. The Association, acting through its Board of Directors, may negotiate on behalf of all Co-Owners for any condemnation award for the General Common Elements and any negotiated settlement approved by the Co-Owners representing two-thirds (2/3) or more of the total votes of all Co- Owners qualified to vote shall be binding on all Co-Owners.
- (c) Continuation of Condominium After Taking.** In the event the Condominium Project continues after a taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit or its appurtenant Limited Common Elements shall have been taken, in whole or part, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Units, based upon the continuing value of the Condominium being one hundred (100%) percent. Such amendment may be effected by an

officer of the Association duly authorized by the Board of Directors without the necessity of obtaining the signature or specific approval of any Co-Owner, mortgagee or other person.

(d) Notification of Mortgagees. In the event all or any portion of a Unit in the Condominium, or all or any portion of the Common Elements 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 shall notify each institutional holder of a first mortgage lien on any of the Units in the Condominium that is registered in the Association's book of "Mortgagees of Units" pursuant to Section 6.1 of these Bylaws.

Section 5.5 Notification of FHLMC, FNMA, Etc. In the event any mortgage in, the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), the Michigan State Housing Development Authority ("MSHDA"), or insured by the Veterans Administration ("VA"), Department of Housing and Urban Development ("HUD"), Federal Housing Association ("FHA") or any private or public mortgage insurance program, then the Association shall give the aforementioned parties written notice, at such address as they may from time to time direct, of any loss to or taking of the Common Elements of the Condominium, if the loss or taking exceeds ten thousand (\$10,000.00) dollars in amount or if the damage or taking relates to a Unit covered by a mortgage purchased, held or insured by them exceeds one thousand (\$1,000.00) dollars.

Section 5.6 Priority of Mortgage Interests. Nothing contained in the Condominium Documents shall be construed to give a Unit Owner, or any other party, priority over any rights of first mortgagees of Units pursuant to their mortgages with respect to any distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

ARTICLE VI MORTGAGES

Section 6.1 Notice to Association. Any Co-Owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-Owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit written notification of any default in the performance of the obligations of the Co-Owner of such Unit that is not cured within sixty (60) days.

Section 6.2 Insurance. The Association shall notify each mortgagee appearing in the book referenced in Section 6.1 of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

Section 6.3 Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on a Unit shall be entitled to receive written notification of every meeting of the Members of the Association and to designate a representative to attend such meeting.

ARTICLE VII VOTING

Section 7.1 Vote. Except as otherwise specified in these Bylaws, each Co-Owner shall be entitled to one (1) vote for each Condominium Unit owned.

Section 7.2 Eligibility to Vote. No Co-Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented to the Association evidence that the Co-Owner owns a Unit. Except as provided in Section 10.2 of these Bylaws, no Co-Owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of Members held in accordance with Section 10.2. The vote of each Co-Owner may be cast only by the individual representative designated by such Co-Owner in the notice required in Section 7.3 below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of Members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At the First Annual Meeting, and thereafter, the Developer shall be entitled to vote for each Unit which it owns.

Section 7.3 Designation of Voting Representative. Each Co-Owner shall file with the Association a written notice 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 the Co-Owner. If a Co-Owner designates himself as the individual representative, he need not file any written notice with the Association. The failure of any Co-Owner to file any written notice shall create a presumption that the Co-Owner has designated himself as the voting representative. The notice shall state the name and address of the individual representative designated, the address of the Unit or Units owned by the Co-Owner and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-Owner. The notice shall be signed and dated by the Co-Owner. An individual representative may be changed by the Co-Owner at any time by filing a new notice in accordance with this Section 7.3. In the event a Unit is owned by multiple Co-Owners who fail to designate an individual voting representative for such Co-Owners, the Co-Owner whose name first appears on record title shall be deemed to be the individual representative authorized to vote on behalf of all the multiple Co-Owners of the Unit(s) and any vote cast in person or by proxy by said individual representative shall be binding upon all such multiple Co-Owners.

Section 7.4 Quorum. The presence in person or by proxy of Co-Owners representing thirty five (35%) percent of the total number of votes of all Co-Owners qualified to vote shall constitute a quorum for holding a meeting of the Members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 7.5 Voting. Votes may be cast in person or by proxy by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the secretary of the Association at or before the appointed time of each meeting of the Members of the Association. Cumulative voting shall not be permitted.

Section 7.6 Majority. When an action is to be authorized by vote of the Co-Owners of the Association, the action must be authorized by a majority of the votes cast at a meeting duly called for such purpose, unless a greater percentage vote is required by the Master Deed, these Bylaws or the Act.

ARTICLE VIII MEETINGS

Section 8.1 Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-Owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with generally recognized rules of parliamentary procedure, which are not in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 8.2 First Annual Meeting. The First Annual Meeting of Members of the Association may be convened by the Developer in its discretion at any time prior to the date the First Annual Meeting is required to be convened pursuant to this Section 8.2. Notwithstanding the foregoing, the First Annual Meeting must be held (i) within one hundred twenty (120) days following the conveyance of legal or equitable title to non-Developer Co-Owners of seventy five (75%) percent of all Units that may be created; or (ii) fifty four (54) months from the first conveyance to a non-Developer Co-Owner of legal or equitable title to a Unit, whichever is the earlier to occur. The Developer may call meetings of Members for informative or other appropriate purposes prior to the First Annual Meeting of Members and no such meeting shall be construed as the First Annual Meeting of Members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days written notice thereof shall be given to each Co-Owner's individual representative.

Section 8.3 Annual Meetings. Annual meetings of Association Members shall be held not later than May 30 of each succeeding year following the year in which the First Annual Meeting is held, or at another time and place determined by the Board of Directors. At each annual meeting, the Co-Owners shall elect Members of the Board of Directors in accordance with Article X of these Bylaws. The Co-Owners may also transact at annual meetings such other Association business as may properly come before them.

Section 8.4 Special Meeting. The President shall call a special meeting of Members as directed by resolution of the Board of Directors or upon presentation to the Association's Secretary of a petition signed by Co-Owners representing 25% of the votes of all Co-Owners qualified to vote. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 8.5 Notice of Meetings. The Secretary (or other Association officer in the secretary's absence) shall provide each Co-Owner of record, or, if applicable, a Co-Owner's individual representative, with

notice of each annual or special meeting, stating the purpose thereof and the time and place where it is to be held. A notice of an annual or special meeting shall be served at least ten (10) days but not more than sixty (60) days prior to each meeting. The mailing, postage prepaid, of a notice to the individual representative of each Co-Owner at the address shown in the notice filed with the Association under Section 7.3 of these Bylaws shall be deemed properly served. Any Co-Owner or individual representative may waive such notice, by filing with the Association a written waiver of notice signed by such Co-Owner or individual representative.

Section 8.6 Adjournment. If any meeting of Co-Owners cannot be held because a quorum is not in attendance, the Co-Owners who are present may adjourn the meeting to a time not less than forty eight (48) hours from the time the original meeting was called. When a meeting is adjourned to another time or place, it is not necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and only such business is transacted at the adjourned meeting as might have been transacted at the original meeting. However, if after the adjournment, the Board of Directors fixes a new record date for the adjourned meeting, a notice of adjourned meeting shall be given to each Co-Owner or Co-Owner's individual representative. If a meeting is adjourned in accordance with the provisions of this Section 8.6 due to the lack of a quorum, the required quorum at the subsequent meeting shall be two-thirds (2/3) of the required quorum for the meeting that was adjourned, provided that the Board of Directors provides each Co-Owner (or Co-Owner's individual representative) with notice of the adjourned meeting in accordance with Section 8.5 above and provided further the subsequent meeting is held within sixty (60) days from the date of the adjourned meeting.

Section 8.7 Action Without Meeting. Any action required or permitted to be taken at a meeting of Members, may be taken without a meeting, without prior notice and without a vote, if all of the Co-Owners (or their individual representatives) entitled to vote thereon consent thereto in writing. If the Association's Articles of Incorporation so provide, any action required or permitted to be taken at any meeting of Members may be taken without a meeting, without prior notice and without a vote, if a written consent, setting forth the actions so taken, is signed by the Co-Owners (or their individual representatives) having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all Co-Owners entitled to vote thereon were present and voted. Prompt notice of any action that is taken without a meeting by less than unanimous written consent shall be given to the Co-Owners who have not consented in writing.

ARTICLE IX ADVISORY COMMITTEE

Within one (1) year after the first conveyance to a non-Developer Co-Owner of legal or equitable title to a Unit in the Project or within one hundred twenty (120) days following the conveyance to non-Developer Co-Owners of one-third (1/3) of the total number of Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-Developer Co-Owners. The Committee shall be established in any manner the Developer deems advisable. The purpose of the Advisory Committee shall be to facilitate communications between

the temporary Board of Directors and the non-Developer Co-Owners and to aid in the transition of control of the Association from the Developer to purchaser Co-Owners. The Advisory Committee shall automatically cease to exist when a majority of the Board of Directors of the Association is elected by non-Developer Co-Owners. The Developer may at any time remove and replace at its discretion any Member of the Advisory Committee.

ARTICLE X BOARD OF DIRECTORS

Section 10.1 Number and Qualification of Directors. The Board of Directors shall initially be comprised of three (3) Directors. At such time as the non-Developer Co-Owners are entitled to elect two (2) Members of the Board of Directors in accordance with Section 10.2 below, the Board shall automatically be increased in size from three (3) to five (5) persons. At such time as the Board of Directors is increased in size to five (5) persons, all Directors must be Co-Owners, or officers, partners, trustees or employees of Co-Owners that are entities.

Section 10.2 Election of Directors.

- (a) First Board of Directors. Until such time as the non-Developer Co-Owners are entitled to elect one (1) of the Members of the Board of Directors, the Developer shall select all of the Directors, which persons may be removed or replaced by Developer in its discretion.
- (b) Appointment of Non-Developer Co-Owners to Board prior to First Annual Meeting. Not later than one hundred twenty (120) days following the conveyance to non-Developer Co-Owners of legal or equitable title to twenty-five (25%) percent of the Units that may be created, one (1) Member of the Board of Directors shall be elected by non-Developer Co-Owners. The remaining Members of the Board of Directors shall be selected by Developer. Not later than one hundred twenty (120) days following the conveyance to non-Developer Co-Owners of legal or equitable title to fifty (50%) percent of the Units that may be created, the Board of Directors shall be increased to five (5) Members and two (2) of the five (5) Directors shall be elected by non-Developer Co-Owners. The remaining Members of the Board of Directors shall be selected by Developer. When the required percentage levels of conveyance have been reached, the Developer shall notify the non-Developer Co-Owners and request that they hold a meeting to elect the required number of Directors. Upon certification by the Co-Owners to the Developer of the Director or Directors elected, the Developer shall immediately appoint such Director or Directors to the Board, to serve until the First Annual Meeting of Co-Owners, unless he is removed pursuant to Section 10.7 or he resigns or becomes incapacitated.
- (c) **Election of Directors at and after First Annual Meeting**
 - i. Not later than one hundred twenty (120) days following the conveyance to non-Developer Co-Owners of legal or equitable title to seventy five (75%) percent of the Units that may be created, the non-Developer Co-Owners shall elect all of the Directors on the Board, except that the Developer shall have the right to designate at least one (1) Director so long as the Developer owns and offers for sale at least ten (10%) percent of the. Units in the Project or as long as

- the Units that remain to be created and sold equal at least ten (10%) percent of all Units that may be created in the Project. Whenever the seventy five (75%) percent conveyance level is achieved, a meeting of Co-Owners shall promptly be convened to effectuate this provision, even if the First Annual Meeting has already occurred.
- ii. Regardless of the percentage of Units which have been conveyed, upon the elapse of fifty four (54) months after the first conveyance to a non-Developer Co-Owner of legal or equitable title to a Unit on the Project, and if title to not less than seventy five (75%) percent of the Units that may be created has not been conveyed, the non-Developer Co-Owners have the right to elect a number of Members of the Board of Directors in proportion to the percentage of Units they own, and the Developer has the right to elect a number of Members of the Board of Directors in proportion to the percentage of Units which are owned by the Developer and for which assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in Section 10.2(b) or 10.2(c)(i) above. Application of this subsection does not require a change in the size of the Board of Directors.
 - iii. If the calculation of the percentage of Members of the Board of Directors that the non-Developer Co-Owners have the right to elect under subsection (ii) above, or if the product of the number of Members of the Board of Directors multiplied by the percentage of Units held by the non-Developer Co-Owners under subsection (b) results in a right of non-Developer Co-Owners to elect a fractional number of Members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of Members of the Board of Directors that the non-Developer Co-Owners have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining Members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one (1) director as provided in subsection 0 above.
 - iv. At such time as the non-Developer Co-Owners are entitled to elect all of the Directors, three (3) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. At such meeting, all nominees shall stand for election as one (1) slate and the three (3) persons receiving the highest number of votes shall be elected for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either two (2) or three (3) Directors shall be elected depending upon the number of Directors whose terms expire, and the term of office of each Director shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 10.3 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or specifically required to be exercised and done by the Co-Owners.

Section 10.4 Specific Powers and Duties. In addition to the duties imposed by these Bylaws or any further duties which may be imposed by resolution of the Co-Owners of the Association, the Board of Directors shall have the following powers and duties:

- (a) To manage and administer the affairs of and maintain the Condominium Project, the Common Elements and such easements as may comprise General Common Elements of the Condominium.
- (b) To collect assessments from the Co-Owners and to expend the proceeds for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To reconstruct or repair improvements after casualty.
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.
- (f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.
- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall also be approved by the affirmative vote of the Co-Owners (or their individual representatives) representing seventy five (75%) percent of the total votes of all Co-Owners qualified to vote.
- (h) To establish rules and regulations in accordance with Section 12.9 of the Master Deed.
- (i) To establish such committees as the Board of Directors deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be exclusively performed by the Board of Directors.
- (j) To appoint members to the joint committee described in Article IX of the Master Deed that is to be created to oversee the operation, maintenance, repair and replacement of the Common Recreation Facilities.
- (k) To enforce the provisions of the Condominium Documents and such other documents as may create rights for the benefit of the Association.

Section 10.5 Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at a reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 10.3 and 10.4, 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 exclusively performed by or have the approval of the Board of Directors or the Members of the Association.

Section 10.6 Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the Co-Owners of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association. Vacancies among non-Developer Co-Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-Developer Co-Owners and shall be filled in the manner as specified in Section 10.2(b).

Section 10.7 Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, anyone (1) or more of the Directors elected by the non-Developer Co-Owners may be removed with or without cause by the affirmative vote of the Co-Owners (or their individual representatives) who represent greater than fifty (50%) percent of the total votes of all Co-Owners qualified to vote, and, a successor may then and there be elected to fill any vacancy thus created. Any Director whose removal has been proposed by a Co-Owner shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Any Director selected by the non-Developer Co-Owners to serve before the First Annual Meeting may also be removed by such Co-Owners before the First Annual Meeting in the manner described in this Section 10.7.

Section 10.8 First Meeting. The first meeting of the elected Board of Directors shall be held within ten (10) days of election at a time and place fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary in order to legally convene such meeting, provided a majority of the Board shall be present.

Section 10.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year of the Association. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph at least ten (10) days prior to the date named for such meeting.

Section 10.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner on the written request of two (2) or more Directors.

Section 10.11 Quorum and Required Vote of Board of Directors. At all meetings of the Board of Directors, a majority of the Members of the Board of Directors then in office shall constitute a quorum. The vote of the majority of Directors at a meeting at which a quorum is present constitutes the action of the Board of Directors, unless a greater plurality is required by the Michigan Non-profit Corporation Act, the Articles of Incorporation, the Master Deed or these Bylaws. If a quorum is not present at any

meeting of the Board of Directors, the Directors present at such meeting may adjourn the meeting from time to time without notice other than an announcement at the meeting, until the quorum shall be present.

Section 10.12 Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if all Members of the Board of Directors consent in writing. The written consent shall be filed with the minutes of the proceedings of the Board of Directors. The consent has the same effect as a vote of the Board of Directors for all purposes.

Section 10.13 Participation in a Meeting by Telephone. A Director may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 10.13 constitutes presence at the meeting.

Section 10.14 Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

Section 10.15 Compensation. The Board of Directors shall not receive any compensation for rendering services in their capacity as Directors, unless approved by the Co-Owners (or their individual representatives) who represent sixty (60%) percent or more of the total votes of all Co-Owners qualified to vote.

ARTICLE XI OFFICERS

Section 11.1 Selection of Officers. The Board of Directors, at a meeting called for such purpose, shall appoint a president, secretary and treasurer. The Board of Directors may also appoint one (1) or more vice-presidents and such other officers, employees and agents as the Board shall deem necessary, which officers, employees and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. Two (2) or more offices, except that of president and Vice-president, may be held by one (1) person who may also be a Director. An officer shall be a Co-Owner, or shareholder, officer, director, employee or partner of a Co-Owner that is an entity.

Section 11.2 Term, Removal and Vacancies. Each officer of the Association shall hold office for the term for which he is appointed until his successor is elected or appointed, or until his resignation or removal. Any officer appointed by the Board of Directors may be removed by the Board of Directors with or without cause at any time. Any officer may resign by written notice to the Board of Directors. Any vacancy occurring in any office may be filled by the Board of Directors.

Section 11.3 President. The President shall be a Member of the Board of Directors and shall act as the chief executive officer of the Association. The President shall preside at all meetings of the Association

and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an Association, subject to Section 11.1 above.

Section 11.4 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 11.5 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Co-Owners of the Association. He shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary.

Section 11.6 Treasurer. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name 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 SEAL

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

ARTICLE XIII FINANCE

Section 13.1 Records. 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. The Association shall maintain separate books and records of receipts and expenditures pertaining to the Common Recreation Facilities located within the Condominium and administered by the Association for the common benefit of the Co-owners and the owners of units in the Duplex Condominium. Such accounts and all other Association records shall be open for inspection by the Co-Owners and their mortgagees during reasonable working hours. The accounts and records regarding the Common Recreation Facilities shall also be open for inspection by the owners of units in the Duplex Condominium. The Association shall prepare and distribute to each Co-Owner at least once a year a financial statement, the contents of which shall be determined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Upon request, 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. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 13.2 Fiscal Year. The fiscal year of the Association shall be an annual period commencing on the date initially determined by the Directors. The Association's fiscal year may be changed by the Board of Directors in its discretion.

Section 13.3 Bank Accounts. The Association's funds shall initially be deposited in such bank or savings association as may be designated by the Directors. All checks, drafts and order of payment of money shall be signed in the name of the Association in such manner and by such person or persons as the Board of Directors shall from time to time designate for that purpose. The Association's funds may be invested from time to time in accounts or deposit certificates of such bank or savings association that are insured by the Federal Deposit Insurance Corporation of the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XIV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 14.1 Third Party Actions. To the fullest extent permitted by the Michigan Nonprofit Corporation Act, the Association shall, subject to Section 14.5 below, indemnify any person who was or is a party defendant or is threatened to be made a party defendant to any threatened, pending or completed action, suitor proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including actual and reasonable, attorney fees), judgments, fines and amounts reasonably paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association or its Members, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (a) that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association or its Members, and (b) with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 14.2 Actions In The Right Of The Association. To the fullest extent permitted by the Michigan Non-profit Corporation Act, the Association shall, subject to Section 14.5 below, indemnify any person who was or is a party defendant to or is threatened to be made, a party defendant of any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation,

partnership, joint venture, trust or other enterprise against expenses (including actual and reasonable attorney fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit and amounts reasonably paid in settlement if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association or its Members, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 14.3 Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have power to indemnify him against such liability under Sections 14.1 and 14.2 above. In addition, the Association may purchase and maintain insurance for its own benefit to indemnify it against any liabilities it may have as a result of its obligations of indemnification made under Sections 14.1 and 14.2 above.

Section 14.4 Expenses Of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 14.1 and 14.2 above, or in defense of any claim, issue or matter therein, or to the extent such person incurs expenses (including actual and reasonable attorney fees) in successfully enforcing the provisions of this Article XIV, he shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him in connection therewith.

Section 14.5 Determination that Indemnification is Proper. Any indemnification under Sections 14.1 and 14.2 above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the person is proper Under the circumstances, because he has met the applicable standard of conduct set forth in Sections 14.1 or 14.2 above, whichever is applicable. Notwithstanding anything to the contrary contained in this Article XIV, in no event shall any person be entitled to any, indemnification under the provisions of this Article XIV if he is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his duties. The determination to extend such indemnification shall be made in anyone (1) of the following ways:

- (a) By a majority vote of a quorum of the Board of Directors consisting of Directors who were not parties to such action, suitor proceeding; or
- (b) If such quorum described in (a) is not obtainable, then by a majority vote of a committee of Directors who are not parties to the action, suit or proceeding. The committee shall consist of not less than two (2) disinterested Directors; or
- (c) If such quorum described in (a) is not obtainable (or, even if obtainable, a quorum of disinterested Directors, so directs), by independent legal counsel in a written opinion.

If the Association determines that full indemnification is not proper under Sections 14.1 or 14.2 above, it may nonetheless determine to make whatever partial indemnification it deems proper. At least ten (10) days prior to the payment of any indemnification claim which is approved, the Board of Directors shall provide all Co-Owners with written notice thereof.

Section 14.6 Expense Advance. Expenses incurred in defending a civil or criminal action, suit or proceeding described in Sections 14.1 and 14.2 above may be paid by the Association in advance of the final disposition of such action, suit or proceeding as provided in Section 14.4 above upon receipt of an undertaking by or on behalf of the person involved to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association. At least ten (10) days prior to advancing any expenses to any person under this Section 14.6, the Board of Directors shall provide all Co-Owners with written notice thereof.

Section 14.7 Former Representatives, Officers, Employees or Agents. The indemnification provided in this Article XIV shall continue as to a person who has ceased to be a Director, officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 14.8 Changes in Michigan Law. In the event of any change of the Michigan statutory provisions applicable to the Association relating to the subject matter of this Article XIV, the indemnification to which any person shall be entitled hereunder arising out of acts or omissions occurring after the effective date of such amendment shall be determined by such changed provisions. No amendment to or repeal of Michigan law with respect to indemnification shall restrict the Association's indemnification undertaking herein with respect to acts or omissions occurring prior to such amendment or repeal. The Board of Directors is authorized to amend this Article XIV to conform to any such changed statutory provisions.

ARTICLE XV AMENDMENTS

Section 15.1 By Developer. In addition to the rights of amendment provided to the Developer in the various Articles of the Master Deed, the Developer may, within two (2) years following the expiration of the Construction and Sales Period, and without the consent of any Co-Owner, mortgagee or any other person other than Oceola Township, amend these Bylaws provided such amendment or amendments do not materially alter the rights of Co-Owners or mortgagees.

Section 15.2 Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association upon the vote of the majority of the Directors or may be proposed by one-third (1/3) or more in number of the Co-Owners by a written instrument identifying the proposed amendment and signed by the applicable Co-Owners.

Section 15.3 Meeting. If any amendment to these Bylaws is proposed by the Board of Directors or the Co-Owners, a meeting for consideration, of the proposal shall be duly called in accordance with the provisions of these Bylaws.

Section 15.4 Voting. These Bylaws may be amended by the Co-Owners at any regular meeting or a special meeting called for such purpose by an affirmative vote of sixty six and two-thirds (66-2/3%) percent or more of the total votes of all Co-Owners qualified to vote. No consent of mortgagees shall be required to amend these Bylaws unless such amendment involves the circumstances set forth under Section 90a(9) of the Act in which event the approval of sixty six and two-thirds (66-2/3%) percent of all mortgagees of Units shall be required following the procedures set forth under Section 90a of the Act. Each mortgagee shall have one (1) vote for each mortgage held. Notwithstanding anything to the contrary contained in this Article XV, during the Construction and Sales Period, these Bylaws shall not be amended in any way without the prior written consent of the Developer.

Section 15.5 Effective Date of Amendment. Any amendment to these Bylaws shall become effective upon the recording of such amendment in the office of the Livingston County Register of Deeds.

Section 15.6 Binding Effect. A copy of each amendment to the Bylaws shall be furnished to every Member of the Association after its adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article XV shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

Section 15.7 Township Approval. Notwithstanding any provision of the Condominium Documents to the contrary, no amendment shall be made to these Bylaws by the Developer or the Association without the prior written approval of Oceola Township; provided that such prior written approval shall not be unreasonably withheld or delayed.

ARTICLE XVI COMPLIANCE AND RESTRICTIONS

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

All of the Units in the Condominium shall be held, used and enjoyed in accordance with any applicable state or local laws, ordinances and regulations, subject to the following limitations and restrictions:

Section 16.1 Residential Use. No Unit in the Condominium shall be used for other than single family residence purposes, which shall permit having a home office and such other activities consistent with single-family residential use and in accordance with the ordinances of Oceola Township. No structure shall be erected, altered, placed or permitted to remain on any Unit other than one (1) single family dwelling with attached garage. All other accessory structures, storage buildings, detached garages, sheds, tents, trailers, shacks and temporary structures are prohibited and shall not be erected, placed or permitted to remain upon any Unit, unless approved by the Association as further provided in this Master Deed. Temporary buildings may be constructed within a Unit during the construction of a

permanent dwelling within the Unit, provided that the temporary structures shall be removed from the Unit upon enclosure of the dwelling. No old, used or modular structures shall be placed upon any Unit or anywhere within the Condominium Project. There shall be no oil or gas exploration conducted upon the Condominium Premises, including, but not limited to, the following activities: mining, drilling, laying or maintaining of pipelines (other than utility pipelines installed to serve residential consumers).

Section 16.2 Leasing and Rental.

- (a) **Right to Lease.** A Co-Owner may lease the dwelling constructed within the perimeters of his Unit for the purposes set forth in Section 16.1; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. With the exception of a first mortgage lender in possession of a Unit as a result of foreclosure or a conveyance or assignment in lieu of foreclosure, no Co-Owner shall lease and no tenant shall be permitted to occupy a dwelling except under a lease having an initial term of at least twelve (12) months, unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may, however, lease any number of Units in the Condominium for any term in its discretion without being required to obtain the approval of the Association.
- (b) **Leasing Procedures.** The leasing of Units in the Project shall conform to the following:
- (i) A Co-Owner, including the Developer, desiring to rent or lease a Unit, shall provide the Association, at least ten (10) days prior to presenting a lease form to a potential lessee, with a written notice of the Co-Owner's intent to lease his Unit, together with a copy of the exact lease form that the Co-Owner intends to use, for the review and (except as provided in subsection (a) above) approval of the Association. The Association shall be entitled to request that changes be made to the lease form that are necessary to insure that the lease will comply with the Condominium Documents. If the Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-Owner in writing.
 - (ii) Tenants or non-owner occupants shall comply with all of the provisions of the Condominium Documents and all leases and rental agreements shall incorporate the foregoing requirement.
 - (iii) If the Association determines that the tenant or non-owner occupant has failed to comply with the provisions of the Condominium Documents, the Association may take the following actions:
 - (1) The Association shall notify the Co-Owner by certified mail of the alleged violation by the tenant or occupant.
 - (2) The Co-Owner shall have fifteen (15) days from his receipt of such notice to investigate and correct the alleged breach by the tenant or occupant or advise the Association that a violation has not occurred.
 - (3) If, at the expiration of the above-referenced fifteen (15) day period, the Association believes that the alleged breach is not cured or may be repeated, the Association (or

the Co-Owners derivatively on behalf of the Association, if the Association is under the control of the Developer); may institute on behalf of the Association a summary proceedings eviction action against the tenant or non-owner occupant. The Association may simultaneously bring an action for damages against the Co-Owner and tenant or non-owner occupant for breach of the Condominium Documents. The Association may hold both the tenant and the Co-Owner liable for any damages to the General Common Elements caused by the Co-Owner or tenant in connection with the Unit or Condominium Project and for actual legal fees incurred by the Association in connection with legal proceedings hereunder.

- (iv) When a Co-Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to the tenant occupying a Co-Owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from the rental payments due to the Co-Owner the amount of the arrearage and all future assessments as they fall due and shall pay such amounts directly to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. The form of lease used by a Co-Owner shall explicitly contain the foregoing provisions.

Section 16.3 Alterations and Modifications. A Co-Owner shall not make any alterations to the exterior appearance or make structural modifications to the dwelling or appurtenances or other improvements constructed within the perimeter of his Unit or make changes in any of the General or Limited Common Elements, without the express written approval of the Board of Directors, including without limitation, exterior painting or the erection of antennas, lights, aerials, awnings, doors, shutters, newspaper holders, mailboxes, fences, walls, basketball backboards or other exterior attachments or modifications. If a Co-Owner causes any damage to any General or Limited Common Elements or to any other Unit as a result of making any alterations (regardless of whether or not such alteration was authorized) the Co-Owner shall be responsible for the cost of repairing any damage caused by the Co-Owner, his agents or contractors. If necessary for providing access to any General or Limited Common Elements or other facilities regarding which the Association has the right or obligation to provide maintenance, the Association may remove any coverings, additions or attachments of any nature that restrict such access and the Association will have no responsibility or liability for repairing, replacing or restoring any such materials, nor shall the Association be liable for monetary damages.

Section 16.4 Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-Owners of the Condominium Project. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-Owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Co-Owner shall conduct or permit any activity or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium, without the written approval of the Association, and, if approved, the Co-Owner shall pay to the Association the increased insurance premiums resulting from any such activity. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, any activity involving the use of firearms, air rifles,

pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices. No laundry shall be hung for drying outside.

Section 16.5 Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or other Common Elements, except dogs, cats or other common household pets. No animal may be kept or bred for any commercial purpose and every permitted pet shall be cared for and restrained so as not to be obnoxious or offensive. No animal may be permitted to run loose at any time upon the General Common Elements and an animal shall at all times be leashed and accompanied by some responsible person while on the General Common Elements. No dangerous and/or exotic animal shall be kept and any Co-Owner who causes any animal to be brought or kept upon the Condominium Premise shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. No runs, pens or shelters for pets shall be permitted within a Unit unless such runs, pens or shelters are located adjacent to an exterior wall of a dwelling or garage on the opposite side of the Unit from the street. No kennels (more than one pet) shall be permitted; only one pet may be allowed in a run, pen or shelter while a Co-Owner is home. The Association may charge all Co-Owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of the Bylaws in the event that the Association determines such assessment is necessary to defray the Association's costs of accommodating animals within the Condominium. The Association shall have the right to require that any pets be registered with the Association and may adopt such additional reasonable rules and regulations with respect to animals as it deems proper. In the event of any violation of this Section 16.5, the Board of Directors of the Association may assess fines for such violation in accordance with the Bylaws and in accordance with its duly adopted rules and regulations.

Section 16.6 Aesthetics. The General Common Elements shall not be used for the storage of supplies, materials, firewood, personal property or trash or refuse of any kind, except in accordance with the duly adopted rules and regulations of the Association. Garage doors shall be kept closed at all times, except as may be reasonably necessary to gain access to or from any garage. No unsightly condition shall be maintained on any porch, courtyard or deck and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use, and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall at all times be maintained within garages and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit the periodic collection of trash. Trash collection for the Condominium Project shall be limited to a single contractor, who shall be chosen and paid for by the Association. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor any condition maintained by a Co-Owner, either in his Unit or upon the Common Elements, which is detrimental to the overall appearance of the Condominium.

Section 16.7 Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles that are uninsured and/or not street legal, all terrain vehicles, snow plows, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation use, may be parked or stored upon the Condominium Premises, unless parked in a garage with the door closed. A motor home or camping vehicle of a size exceeding garage capacity may, however, be parked temporarily in its Owner's driveway (or in an unobtrusive area on the Condominium Premises which may be approved by the Association) for a period not to exceed three (3) days for the purpose of loading and unloading such vehicle prior to and following its use. An Owner shall not park such restricted vehicle, within the Condominium for an accumulative time of more than thirty (30) days per calendar year. No inoperable vehicles of any type may be brought or temporarily or permanently stored upon the Condominium Premises. Commercial vehicles and trucks shall not be parked in or about the Condominium (unless the Association, in its discretion, selects an area within the Condominium' Premises specifically designed for such vehicles and trucks) except for purposes of making deliveries or pickups in the normal course of business. Co-Owners shall, if required by the Association, register with the Association all cars maintained on the Condominium Premises. Motorized vehicles, other than passenger cars and vans, shall not be used anywhere on the Condominium Premises.

Section 16.8 Advertising. Except for such signs as may be displayed by the Developer or its assigns as set forth in Section 16.16(b) below, no signs or other advertising devices of any kind shall be displayed in windows or doors which are visible from the exterior of the dwelling constructed on a Unit during the Construction and Sales Period. Upon the expiration of the Construction and Sales Period, no sign or advertising device of any kind shall be displayed upon or within a Unit or any improvement constructed thereon, except (i) one (1) sign not more than five (5) square feet in area, for the purpose of advertising a Unit for sale or lease and also (ii) one sign of similar size for a garage sale over a two day period displayed not more than six hours per day, in the absence of the prior written permission from the Association, This Section 16.8 shall not apply to the signs erected by the Developer during the Construction and Sales Period.

Section 16.9 Rules and Regulations. It is intended that the Board of Directors of the Association may adopt rules and regulations from time to time to reflect the needs and desires of the majority of the Co-Owners in the Condominium; provided that any rule or regulation adopted during the Construction and Sales Period shall first require the written approval of the Developer or the Developer's assignee. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-Owners' and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each Co-Owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of greater than fifty (50%) percent of the Co-Owners in number and value, except that the Co-Owners may not revoke any regulation or amendment prior to the First Annual Meeting of the entire Association. Any rules and regulations adopted by the Association shall not limit Developer's construction, sales or rental activities.

Section 16.10 Right of Access of Association. The Association and its duly authorized agents shall have access to each Unit, and the dwelling and other appurtenances and improvements constructed on such

Unit, from time to time, during reasonable working hours, upon notice to the Co-Owner thereof, as may be necessary for the performance of the maintenance of the Common Elements and such other obligations imposed on the Association. In addition, the Association and its agents shall at all times without notice have access to each Unit and its dwelling and appurtenances, and other improvements constructed thereon, as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. Each Co-Owner shall be obligated to provide the Association with a means of access to his Unit, the dwelling and appurtenances and other improvements constructed on such Unit during the Co-Owner's absence, and in the event such Co-Owner fails to provide a means of access thereto 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 thereto or for the repair or replacement of any doors or windows damaged in gaining such access.

Section 16.11 Landscaping. No Co-Owner shall perform any landscaping or plant any trees, shrubs or flowers or plant any ornamental materials upon the General Common Elements without the prior written approval of the Developer or the Association. Landscape plans for individual Units will be reviewed by the Developer within 30 days of receipt of completed plans. If not affirmatively approved within such time period, the plans will be deemed rejected. No elm, cottonwood or poplar trees shall be planted in the Condominium Project. No Co-Owner shall change the grade of any portion of a Unit without the prior written approval of the Developer, and, if required, the Livingston County Building Department or Oceola Township. All Unit Owners are encouraged to reduce the use of fertilizers, herbicides and pesticides in maintaining their landscape. The use of more than three (3) pounds of nitrogen or one (1) pound of phosphate per one thousand (1,000) square feet per year is prohibited. Landscaping shall be completed by the Co-Owner within ninety (90) days from the issuance of a certificate of occupancy for the unit, weather permitting. If the Co-Owner fails to complete the landscaping within such time period, then the Developer or its designee may install such landscaping and charge the Co-Owner for such cost.

Section 16.12 Setbacks. The dwellings and other improvements constructed upon all of the Units in the Condominium, as the same may be expanded, shall comply with the setback requirements as shown on the approved Planned Unit Development Plan, said requirements being depicted on the Condominium Subdivision Plan.

Section 16.13 Common Element Maintenance. The walkways, landscaped areas, roads and parking areas shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles or other obstructions may be left unattended on or about the Common Elements.

Section 16.14 Co-Owner Maintenance. Except as elsewhere provided in this Master Deed, each Co-Owner shall maintain his Unit, the dwelling, appurtenances, and other improvements constructed thereon 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, gas, electrical or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-Owner shall be responsible for the repair, restoration or

replacement, as applicable, of any damage to any Common Elements or damage to any other Co-Owner's Unit, or improvements thereon, resulting from the negligent acts or omissions of a Co-Owner, his family, guests, agents or invitees, except to the extent the Association obtains insurance proceeds; provided, however, that if the insurance proceeds obtained by the Association are not sufficient to pay for such costs, the Association may assess the Co-Owner for the excess amount necessary to pay therefor. No Co-Owner shall fill, dredge or alter a regulated wetland or the storm water retention basin without the required permits from Oceola Township and the Michigan Department of Environmental Quality.

Section 16.15 Building Restrictions. Without limiting the Developer's discretion to reject plans and specifications submitted by a Co-Owner as provided in Section 16.16(a) below, all dwellings built within a Unit shall comply with the following restrictions:

- (a) **Size.** All dwellings shall have a minimum square footage of finished floor area as required by the Oceola Township Ordinances or the Planned Unit Development Agreement, whichever is greater. For the purposes of this paragraph, "finished floor area" shall mean that floor area finished for the purposes of living, dining, sleeping, cooking, studying or sitting, and shall include the total area of all bathrooms, entrance ways, hallways and stairwells connecting, any of the finished areas. Basements, attached garages, attics, terraces, unheated porches, breezeways and any portion of the residence which is more than two-thirds (2/3) below ground level shall not be included in computing the finished floor area.
- (b) **Exterior Surfaces.** Exterior walls of all structures in the Condominium Project shall be constructed of brick, stone, premium vinyl, glass, wood, or other approved materials. Aluminum siding is expressly prohibited except for use as trim on eaves, overhangs and soffits. All structures shall have one (1) or more offsets in the front wall. No portion of any roof shall be less than 3 to 12 pitch. There must be at least one (1) gable or hip roof design on the front elevation of each structure. All house and garage walls on the front elevation must be covered with a minimum of thirty (30%) percent brick or fieldstone.
- (c) **Garages.** All dwellings constructed within a Unit must have one (1) private attached garage for not less than two (2) automobiles, but not more than three (3) automobiles.
- (d) **Driveways.** All driveways appurtenant to a Unit shall be constructed with hard surfacing of asphalt or concrete and installed prior to occupancy of the dwelling within the Unit, or as soon thereafter as weather permits.
- (e) **Fences.** No fence or wall shall be placed, erected or permitted to remain upon any Unit in the Condominium Projects; provided, however, that fences which are required by local ordinance to enclose swimming pools shall be allowed so long as they are kept in good condition and repair at all times. Dog runs are allowed as stated in Section 16.5 above.

Section 16.16 Reserved Rights of Developer.

- (a) **Prior Approval by Developer**. The purpose of this Section 16.16 (a) is to promote an attractive, harmonious residential development having continuing appeal. Therefore, during the Construction and Sales Period, no buildings, walls, retaining walls, drives, pathways or other structures or improvements of any kind shall be commenced, erected, maintained nor shall any addition, change or alteration to any structure be made (including in color or design), except interior alterations which do not affect structural elements of the dwelling or appurtenances or other improvements constructed within any Unit, nor shall any hedges, trees or substantial plantings -be installed or landscaping modifications be made, thereon until plans and specifications acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme location and approximate cost of such structure, appurtenances or other improvements and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns. The Developer shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons, and in reviewing such plans and specifications, the Developer shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be located, and the degree of harmony with the Condominium as a whole. The Developer shall be entitled to charge each applicant a review fee in an amount not to exceed two hundred fifty (\$250.00) dollars, to reimburse the Developer for any actual costs incurred in connection with the review of said applicant's plans, specifications and related materials. Neither Developer nor the Association shall incur any liability whatsoever for approving or failing or refusing to approve all or any part of any submitted plans, specifications or other materials. At the expiration of the Construction and Sales Period, the rights exercisable by the Developer under this Section 16.16(a), shall be exercised by the Association.
- (b) **Developer's Rights In Furtherance of Development and Sales**. None of the restrictions contained in this Article XI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Construction and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in the Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary contained elsewhere in the Master Deed or the Bylaws, the Developer and one or more licensed residential builders designated by the Developer shall have the, right, during the Construction and Sales Period, to maintain a sales office, a business office, a construction office, model units, construction and/or sales trailers; storage areas and parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable the development and sale of the entire Project. The Developer shall restore the areas utilized by the Developer to habitable status upon its termination of use. The rights reserved herein shall also be available to any Successor Developer that undertakes the development of Units within portion of the Future Expansion Area added to the Condominium.
- (c) **Enforcement of Restrictions**. The Condominium Project shall at all times be maintained in a manner consistent, with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-Owners and all persons interested in the Condominium. If

at any time the Association fails or refuses to carry out its obligation to provide maintenance with respect to the Condominium Project in a manner consistent with such high standards, then the Developer, or any entity to which it may assign this right, may elect to provide such maintenance as required by the Master Deed or the Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer and its assignee shall have the right to enforce the Master Deed and the Bylaws throughout the duration of the Construction and Sales Period, The Developer's enforcement rights under this Section 16.16 may include, without limitation, an action to restrain the Association or any Co-Owner from performing any activity prohibited by the Master Deed and/or the Bylaws.

(d) Assignment of Rights by the Developer. Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use or proposed action or any other matter, may be assigned by the Developer to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate written instrument in which the assignee or transferee evidences its consent to the acceptance of such powers and rights. Any rights and powers reserved or retained, by Developer or its successors and assigns shall expire, at the conclusion of two (2) years following the expiration of the Construction and Sales Period, except as otherwise expressly provided in the Condominium Documents. The immediately preceding sentence dealing with the expiration and termination of certain rights and powers granted or reserved to the Developer are intended to apply, insofar as the Developer is concerned, only to Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed, or elsewhere (including, but not limited to, access easements, utility easements, and all other 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 the instruments, documents or agreements that created or reserved such property rights.

Section 16.17 Preservation of Wetlands; Open Areas. Upon the expansion of the Condominium to add all or portions of the Future Expansion Area, the Condominium shall include General Common Element open space areas that are intended to be preserved in their natural state for passive recreational use. All such open space areas shall be subject to a conservation easement and no activity shall be undertaken by any Co-owner or other party within such open space areas that is inconsistent with the preservation and protection of such areas; provided that the Association may undertake such actions as are reasonably required for the maintenance, repair and replacement of the such walking trails and related board walks as may be constructed within such open areas as part of the Common Recreation Facilities. To the extent that land included in the Condominium comprises regulated wetlands ("Wetlands"), such Wetlands shall also be deemed to be subject to a conservation easement, pursuant to which no disturbance will be permitted (including, without limitation, construction activities, dredging, filling, planting and/or any other types of modification), without the prior approval of the Developer, the Township and, if required by law, the Michigan Department of Environmental Quality. Violation of this restriction regarding Wetlands may result in civil and criminal penalties. No fertilizers may be used by

any Co-owner which may, in the estimation of the Association acting through its Board of Directors, damage any Wetlands which may be located within or bordering on the Condominium. The Association may ban fertilizers which may damage any such Wetlands from use within the Project.

Section 16.18 Care of Common Recreation Facilities. All Co-owners and their family members, guests, and tenants shall refrain from any misuse of the Common Recreation Facilities, including such Common Recreation Facilities as may be located within the Duplex Condominium. If any Common Recreation Facility is damaged or harmed due to the intentional acts or negligence of any Co-owner or such Co-owner's family member, guest or tenant, the aforesaid Co-owner shall be responsible for the entire cost and expense of repairing or restoring the damaged Common Recreation Facility and the condominium association responsible for maintaining said Common Recreation Facility, whether it be the Association or the Duplex Condominium Association, shall have the right to demand and collect such costs and expense from the responsible Co-owner and the right to record notices of lien against such Co-owner's Unit for the collection of any such costs or expenses that are not paid by the Co-owner.

ARTICLE XVII REMEDIES FOR DEFAULT

Any default by a Co-Owner of his or her obligations under any of the Condominium Documents shall entitle the Association or another Co-Owner or Co-Owners to the following relief:

Section 17.1 Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without limitation, an action to recover damages, injunctive relief, foreclosure of lien (if there is a default in the payment of an assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-Owner or Co-Owners.

Section 17.2 Recovery of Costs. In any proceeding arising because of an alleged default by any Co-Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-Owner be entitled to recover such attorneys' fees.

Section 17.3 Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit and the improvements thereon, where reasonably necessary, and summarily remove and abate, at the expense of the Co-Owner in violation, any structure or condition existing or maintained in violation of the provisions of the Condominium Documents. The Association shall have no liability to any Co-Owner arising out of the exercise of its rights under this Section 17.3.

Section 17.4 Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-Owner shall be grounds for the assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the applicable Co-Owner. Such fines may be assessed only upon delivery of written notice to the offending Co-Owner, and an opportunity for

such Co-Owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these Bylaws. No fine shall be levied for the first violation. No fine shall exceed one hundred (\$100.00) dollars for the second violation, one hundred fifty (\$150.00) dollars for the third violation or two hundred (\$200.00) dollars for any subsequent violation.

Section 17.5 Non-waiver of Rights. The failure of the Association or of any Co-Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-Owner to enforce such right, provision, covenant or condition in the future.

Section 17.6 Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-Owner or Co-Owners pursuant to any of the terms, provisions; covenants or conditions of the Condominium Documents shall be deemed to be cumulative and the exercise of anyone (1) or more of such rights or remedies shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party under the Condominium Documents or at law or in equity.

Section 17.7 Enforcement of Provisions of Condominium Documents. A Co-Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-Owner may maintain an action against any other Co-Owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

ARTICLE XVIII

JUDICIAL ACTIONS AND CLAIMS

Notwithstanding the foregoing, actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions in these By-Laws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action (other than one to enforce these By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners, and shall be governed by the requirements of this Article XVIII. The requirements of this Article XVIII will ensure that the Co-owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each Co-owner shall have standing to sue to enforce the requirements of this Article XVIII. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these By-Laws or to collect delinquent assessments:

Section 18.1 Board of Directors' Recommendation to Co-owners. The Association's Board of Directors shall be responsible in the first instance for recommending to the Co-owners that a civil action be filed, and supervising and directing any civil actions that are filed.

Section 18.2 Litigation Evaluation Meeting. Before an attorney is engaged for purposes of filing a civil action on behalf of the Association, the Board of Directors shall call a special meeting of the Co-owners (the "litigation evaluation meeting") for the express purpose of 'evaluating the merits of the proposed civil action. The written notice to the Co-owners of the date, time and place of the litigation evaluation meeting shall be sent to all Co-owners not less than twenty (20) days before the date of the meeting and shall include the following information copied onto 8-1/2" x 11" paper:

- (a) A certified resolution of the Board of Directors setting forth in detail the concerns of the Board of Directors giving rise to the need to file a civil action and further certifying that:
 - (i) it is in the best interests of the Association to file a lawsuit;
 - (ii) that at least one member of the Board of Directors has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the Association; without success;
 - (iii) litigation is the only prudent, feasible and reasonable alternative; and
 - (iv) the Board of Directors' proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative.
- (b) A written summary of the relevant experience of the attorney ("litigation attorney") the Board of Directors recommends be retained to represent the Association in the proposed civil action, including the following information:
 - (i) the number of years the litigation attorney has practiced law; and
 - (ii) the name and address of every condominium and homeowner association for which the attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.
- (c) The litigation attorney's written estimate of the amount of the Association's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.
- (d) The litigation attorney's written estimate of the cost of the civil action through a trial on the merits of the case ("total estimated cost"). The total estimated cost of the civil action shall include the litigation attorney's expected fees, court costs, expert witness fees, and all other expenses expected to be incurred in the civil action.
- (e) The litigation attorney's proposed written fee agreement.
- (f) The amount to be specially assessed against each Unit in the Condominium to fund the estimated cost of the civil action both in total and on a monthly per Unit basis, as required by Section 6 of this Article III.

Section 18.3 Independent Expert Opinion. If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board of Directors shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In

obtaining the independent expert opinion required by the preceding sentence, the Board of Directors shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the litigation attorney or any other attorney with whom the Board of Directors consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the Co-owners have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all Co-owners with the written notice of the litigation evaluation meeting.

Section 18.4 Fee Agreement with Litigation Attorney. The Association shall have a written fee agreement with the litigation attorney, and any other attorney retained to handle the proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent-fee arrangement unless the existence of the agreement is disclosed to the Co-owners in the text of the Association's written notice to the Co-owners of the litigation evaluation meeting.

Section 18.5 Co-Owner Vote Required. At the litigation evaluation meeting the Co-owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney. The commencement of any civil action by the Association (other than a suit to enforce these By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting. Notwithstanding any other provision of the Condominium Documents, no litigation shall be initiated by the Association against the Developer until such litigation has been approved by an affirmative vote of seventy-five (75%) percent of all members of the Association in number and value attained after a litigation evaluation meeting held specifically for the purpose of approving such action.

Section 18.6 Litigation Special Assessment. All legal fees incurred in pursuit of any civil action that is subject to Sections 18.1 through 18.10 hereof shall be paid by a special assessment of the Co-owners ("litigation special assessment"). The litigation special assessment shall be approved at the litigation evaluation meeting (or at any subsequent duly called and noticed meeting) by a majority in number and in value of all Co-owners in the amount of the estimated total cost of the civil action. If the litigation attorney proposed by the Board of Directors is not retained, the litigation special assessment shall be in an amount equal to the estimated total cost of the civil action, as estimated by the attorney actually retained by the Association. The litigation special assessment shall be apportioned to the Co-owners in accordance with their respective percentage of value interests in the Condominium and shall be collected from the Co-owners on a monthly basis. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

Section 18.7 Attorney's Written Report. During the course of any civil action authorized by the Co-owners pursuant to this Article III, the retained attorney shall submit a written report ("attorney's written report") to the Board of Directors every thirty (30) days setting forth:

- (a) The attorney's fees, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the attorney's written report ("reporting period").
- (b) All actions taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period.
- (c) A detailed description of all discussions with opposing counsel during the reporting period, written and oral, including, but not limited to, settlement discussions.
- (d) The costs incurred in the civil action through the date of the written report, as compared to the attorney's estimated total cost of the civil action.
- (e) Whether the originally estimated total cost of the civil action remains accurate.

Section 18.8 Monthly Board Meetings. The Board of Directors shall meet monthly during the course of any civil action to discuss and review:

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

Section 18.9 Changes in the Litigation Special Assessment. If, at any time during the course of a civil action, the Board of Directors determines that the originally estimated total cost of the civil action or any revision thereof is inaccurate, the Board of Directors shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the Co-owners, the Board of Directors shall call a special meeting of the Co-owners to review the status of the litigation, and to allow the Co-owners to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting.

Section 18.10 Disclosure of Litigation Expenses. The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("litigation expenses") shall be fully disclosed to Co-owners in the Association's annual budget. The litigation expenses for each civil action filed by the Association shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget.

ARTICLE XIX 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 invalidity shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE XX
HUD HELD OR INSURED MORTGAGES

If any mortgage upon all or any portion of the Condominium premises is owned, held or insured by the United States Department of Housing and Urban Development ("HUD"), then any reference in these By-Laws to "mortgagee," "first mortgagee," or "institutional holder" of mortgages shall be construed to include the Department of Housing and Urban Development.