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MASTER DEED

FOX GLEN

(Act 59, Public Acts of 1978, as amended)

Washtenaw County Condominium Subdivision Plan No. 327

- (1) Master Deed establishing Fox Glen, a Condominium Project.
- (2) Exhibit "A" to Master Deed: Condominium Bylaws of Fox Glen.
- (3) Exhibit "B" to Master Deed: Condominium Subdivision Plan for Fox Glen.

No interest in real estate being conveyed, no revenue stamps are required.

This Master Deed Drafted By:
KEITH P. WALKER
McSHANE & BOWIE, P.L.C.
1100 Campau Square Plaza
99 Monroe Ave., N.W.
P.O. Box 360
Grand Rapids, MI 49501-0360

Return to draftsman after recording.

MASTER DEED

FOX GLEN

This Master Deed is made and executed on this 22nd day of September, 1999, by FOX GLEN DEVELOPMENT, L.L.C., a Michigan limited liability company (the "Developer"), of 3921 Lohr Road, Ann Arbor, Michigan 48108, represented herein by its Manager, Harold J. Kloosterman, who is fully empowered and qualified to act on behalf of said limited liability company.

PRELIMINARY STATEMENTS

A. The Developer is engaged in the construction of an expandable, contractable and convertible condominium project to be known as Fox Glen (the "Project"), pursuant to plans approved by in Pittsfield Township, Washtenaw County, Michigan on a parcel of land described in Article II; and

B. The Developer desires, by recording this Master Deed together with the Condominium Bylaws attached hereto as Exhibit "A" and the Condominium Subdivision Plan attached as Exhibit "B" (both of which are hereby incorporated by reference and made a part hereof), to establish the real property described in Article II, Section 2.1, together with the improvements located and to be located thereon and the appurtenances thereto, as a condominium project under the provisions of the Michigan Condominium Act.

NOW, THEREFORE, the Developer does, upon the recording hereof, establish Fox Glen as a condominium project under the Act and does declare that the Project will be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of the Act, and to the covenants, conditions, restrictions, uses, limitations, and affirmative obligations set forth in this Master Deed, all of which will be deemed to run with the land and will be a burden and a benefit to the Developer, its successors and assigns, and to any persons acquiring or owning an interest in said real property, their grantees, successors, heirs, personal representatives, administrators and assigns. In furtherance of the establishment of the Project, it is provided as follows:

ARTICLE I

NATURE OF PROJECT

1.1 Nature of Project. The Units which comprise the Project, including the number, boundaries, dimensions and area of each Condominium Unit therein, are set forth completely in the Condominium Subdivision Plan, and each Unit is capable of individual utilization by having its own access to the Common Elements of the Project. The Developer reserves the exclusive right during the Development Period to change or modify the size and/or location of any Developer owned Unit and/or Common Element without the consent of any Co-owner so long as such changes do not unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute of any Unit which adjoins or is proximate to the modified Unit or Common Element.

1.2 Co-owner Rights. Each Co-owner in the Project will have a particular and exclusive property right to his Unit and the Limited Common Elements appurtenant thereto, and will have an undivided and inseparable right to share with other Co-owners the General Common Elements of the Project as designated by this Master Deed.

ARTICLE II

LEGAL DESCRIPTION

2.1 Legal Description. The land on which Phase I of the Project is situated, and which is hereby submitted to condominium ownership pursuant to the provisions of the Act, is described as follows:

Commencing at the Southwest corner of Section 8, T3S, R6E, Pittsfield Township, Washtenaw County, Michigan; thence N86°43'20"E 849.65 feet along the South line of said section and the centerline of Ellsworth Road; thence N00°57'10"W 60.05 feet to a point on the Northerly right-of-way line of Ellsworth Road, said point being the POINT OF BEGINNING; thence S86°43'20"W 788.80 feet along said right-of-way line to a point on the Easterly right-of-way line of Lohr Road; thence N00°13'20"W 783.71 feet along said right-of-way line to a point on the Southerly right-of-way line of Rodeo Drive; thence along said right-of-way line in the following seven (7) courses: N89°46'40"E 100.05 feet, Easterly 59.30 feet along the arc of a 205.39 foot radius circular curve to the left, through a central angle of 16°32'30", having a chord which bears N81°30'25"E 59.09 feet, Easterly 59.30 feet along the arc of a 205.39 foot radius reverse circular curve to the right, through a central angle of 16°32'30", having a chord which bears N81°30'25"E 59.09 feet, Easterly 59.30 feet along the arc of a 205.39 foot radius reverse circular curve to the right, through a central angle of 16°32'30", having a chord which bears N81°30'25"E 59.09 feet, Easterly 236.30 feet along the arc of a 233.43 foot radius reverse circular curve to the left, through a central angle 58°00'00", having a chord which bears N60°46'40"E 226.34 feet, N31°46'40"E 212.02 feet, Easterly 196.91 feet along the arc of a 197.00 foot radius circular curve to the right, through a central angle of 57°16'10", having a chord which bears N60°24'45"E 188.82 feet and N89°02'50"E 81.27 feet; thence S00°57'10"E 1141.93 feet to the Point of Beginning. Being a part of the West 1/2 of the Southwest 1/4 of Section 8, T3S, R6E, Pittsfield Township, Washtenaw County, Michigan. Containing 16.69 acres of land, more or less.

Together with and subject to all easements and restrictions of record and all governmental limitations.

ARTICLE III

DEFINITIONS

3.1 Definitions. Certain terms are utilized not only in this Master Deed but are or may be used in various other instruments such as, by way of example and not limitation, the

Articles of Incorporation, Association Bylaws and Rules and Regulations of the Fox Glen Association, a Michigan nonprofit corporation, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment of, or transfer of, interests in the Project. As used in such documents, unless the context otherwise requires:

(a) **Act.** "Act" or "Michigan Condominium Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

(b) **Administrator.** "Administrator" means the Michigan Department of Commerce, designated to serve in such capacity by the Act.

(c) **Association.** "Association" means the Fox Glen Association, a Michigan nonprofit corporation organized under the laws of Michigan, of which all Co-owners will be members, which corporation shall administer, operate, manage and maintain the Project. Any action required of or permitted to the Association will be exercisable by its Board of Directors unless specifically reserved to its members by the Condominium Documents or the laws of the State of Michigan. The Co-owners may, by a two-thirds (2/3) vote after the Development Period has expired, designate a different Michigan nonprofit corporation or unincorporated association as the "Association".

(d) **Bylaws.** "Bylaws" means Exhibit "A" attached hereto which forms a part of this Master Deed. The Bylaws also constitute the corporate bylaws of the Association as provided under the Michigan Nonprofit Corporation Act.

(e) **Common Elements.** "Common Elements", where used without modification, means the portions of the Project other than the Condominium Units, including all General and Limited Common Elements described in Article IV. A Common Element will not be separable from the Condominium Units or Units to which it is appurtenant.

(f) **Condominium Documents.** "Condominium Documents" means and includes this Master Deed and Exhibits "A" and "B" attached hereto and the Articles of Incorporation and rules and regulations, if any, of the Association, all as amended from time to time.

(g) **Condominium Property.** "Condominium Property" means the land described in Article II, as amended, together with all easements, rights and appurtenances.

(h) **Condominium Subdivision Plan.** "Condominium Subdivision Plan" means Exhibit "B" attached hereto.

(i) **Condominium Unit.** "Condominium Unit" or "Unit" means that portion of the Project designed and intended for separate ownership and use, as described in this Master Deed.

(j) **Co-owner.** "Co-owner" means the person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns a Condominium Unit in the Project. The term "Owner," wherever used, will be

synonymous with the term "Co-owner". If a Unit is sold pursuant to a land contract, the land contract vendee will be the Owner of that Unit so long as such land contract is executory, except as otherwise provided in the land contract if a copy of the land contract is filed with the Association and except that the land contract vendor and vendee will have joint and several responsibility for assessments by the Association.

(k) **Developer.** "Developer" means Fox Glen Development, L.L.C., a Michigan limited liability company, which has made and executed this Master Deed, its successors and assigns. Both successors and assigns will always be deemed to be included within the term "Developer" whenever, however and wherever used in the Condominium Documents unless specifically stated otherwise.

(l) **Development Period.** "Development Period" means the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any Unit which it offers for sale.

(m) **First Annual Meeting.** "First Annual Meeting" means the initial meeting at which nondeveloper Co-owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting is to be held (a) in the Developer's sole discretion after twenty-seven (27) of the Units are sold, or (b) mandatorily within (i) fifty-four (54) months from the date of the first Unit conveyance, or (ii) one hundred twenty (120) days after forty (40) of the Units are sold, whichever first occurs.

(n) **General Common Elements.** "General Common Elements" means those Common Elements of the Project described in Section 4.1 which are for the use and enjoyment of all Co-owners, subject to such charges as may be assessed to defray the cost of operation thereof.

(o) **Limited Common Elements.** "Limited Common Elements" means those Common Elements of the Project described in Section 4.2 which are reserved for the exclusive use of the Co-owners of a specified Unit or Units.

(p) **Master Deed.** "Master Deed" means this instrument, together with the exhibits attached hereto and all amendments thereof, by which the Project is submitted to condominium ownership.

(q) **Percentage of Value.** "Percentage of Value" means the percentage assigned to each Unit which is determinative of the value of a Co-owner's vote at meetings of the Association when voting by value or by number and value, and the proportionate share of each Co-owner in the Common Elements of the Project and the proceeds and expenses of administration.

(r) **Project.** "Project" or "Condominium" means Fox Glen, a condominium development established in conformity with the provisions of the Act.

(s) **Setback Area.** "Setback Area" means the Limited Common Element land area depicted on Sheet 6 of the Condominium Subdivision Plan as surrounding each Unit

from the Unit boundary out to the adjoining General Common Elements or to the line separating each Setback Area from the adjoining Unit's Setback Area.

(t) **Site.** "Site" means a Condominium Unit and the Setback Areas appurtenant to it as depicted on Sheet 7 of the Condominium Subdivision Plan.

(u) **Transitional Control Date.** "Transitional Control Date" means the date on which the Association's Board of Directors takes office pursuant to an election in which the votes that may be cast by eligible Co-owners unaffiliated with the Developer exceeds the votes which may be cast by the Developer.

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

ARTICLE IV

COMMON ELEMENTS

4.1 General Common Elements. The General Common Elements are:

(a) **Land.** The land described in Article II hereof, (other than that portion described in Section 5.1 and in Exhibit "B" as constituting the Condominium Units), including subterranean land below a depth of 15 feet and air rights over 35 feet as depicted on Sheet 6 of the Condominium Subdivision Plan;

(b) **Improvements.** All roads and other surface improvements not located within the boundaries of a Condominium Unit. Those structures and improvements that now or hereafter are located within the boundaries of a Condominium Unit will be owned in their entirety by the Co-owner of the Unit in which they are located and will not, unless otherwise expressly provided in the Condominium Documents, constitute Common Elements;

(c) **Electrical.** The electrical transmission system throughout the Project up to the point of connection to the electric meter measuring service to each residence that is constructed within the boundaries of a Unit;

(d) **Telecommunications.** The telephone system, cable television and any other telecommunications system throughout the Project up to the point of lateral connection for service to each residence that is constructed within the boundaries of a Unit;

(e) **Gas.** The gas distribution system throughout the Project up to the point of connection to the gas meter measuring service to each residence that is constructed within the boundaries of a Unit;

(f) **Water and Sanitary Sewer Systems.** The water distribution and sanitary sewer systems throughout the Project up to the point where the service is stubbed for

connection with each residence that is constructed within the boundaries of a Unit except for the public water and sanitary sewer lines owned by Pittsfield Township, Michigan;

(g) **Storm Sewer.** The storm sewer system throughout the Project;

(h) **Street Lighting.** The street lighting system along the streets installed by the Developer or the Association, which may be located in General Common Element areas or in Setback Areas.

(i) **Common Mail Boxes.** Any common mail boxes installed by the Developer or the Association on the Condominium Property, which may be located in General Common Element areas or Setback Areas;

(j) **Miscellaneous.** All other Common Elements of the Project not herein designated as Common Elements which are not enclosed within the boundaries of a Unit, and which are intended for common use or are necessary to the existence, upkeep or safety of the Project such as ponds, wetlands and drainage courses; and

(k) **Entrance.** The entrance walls and landscaping adjacent to the private roads Sante Fe Trail, Fox Glen Drive and Bridle Pass near their intersections with Rodeo Drive and Ellsworth Road together with any lighting and/or underground lawn sprinkling system.

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

4.2 Limited Common Elements. Limited Common Elements will be subject to the exclusive use and enjoyment of the Co-owners of the Unit or Units to which the Limited Common Elements are appurtenant. The Limited Common Elements are:

(a) **Setback Areas.** Setback Areas appurtenant to each Unit depicted on Sheet 6 of the Condominium Subdivision Plan as the Limited Common Element land area surrounding the Unit;

(b) **Driveways and Sidewalks.** Driveways and sidewalks serving the residence constructed within the Unit or Units, to the extent located outside the boundaries of the condominium unit;

(c) **Utility Services.** The pipes, ducts, wiring and conduits supplying electricity, gas, water, telephone, television and/or other utility service to a Unit, from the point of lateral connection with a General Common Element of the Project or utility line or system owned by the local public authority or company providing the service (except for electric and gas service which are from the point of connection to the meter measuring the service);

(d) **Individual Mailboxes.** Any mailboxes located on a Unit or its Setback Area serving only the residence on that Unit;

(e) **Miscellaneous.** Any other improvements constructed by the Developer and designated Limited Common Elements appurtenant to a particular Unit or Units in an amendment to the Master Deed made by Developer.

4.3 Use of Limited Common Elements. Limited Common Elements will be subject to the exclusive use and enjoyment of the Co-owners of the Unit or Units to which the Limited Common Elements are appurtenant. The Limited Common Elements are the areas and improvements identified at Section 4.2 above as appurtenant to a Unit or Units to the extent located outside the boundaries of the Condominium Unit and any other improvements constructed by the Developer and designated Limited Common Elements appurtenant to a particular Unit or Units in an amendment to the Master Deed made by Developer.

4.4 Maintenance. Responsibility for the cleaning, decoration, maintenance, repair and replacement of the Common Elements will be as follows:

(a) The costs of maintenance, repair and replacement of all improvements (other than street lighting and common mail boxes) within the boundaries of a Unit and/or Setback Area and of any Limited Common Elements outside of those areas will be borne by the Co-owner of the Unit, except for lawn, grounds and landscape maintenance and snow removal which is the responsibility of the Association as provided in Section 4.4 (b). The appearance of all buildings, garages, patios, decks, open porches, screened porches, fences, landscaping and other improvements within a Unit and/or Setback Area including color will at all times be subject to the approval of the Association, except the Association may not disapprove the appearance of an improvement so long as maintained (including color) as constructed by the Developer. In the event that the maintenance, cleaning and decoration of such improvements by the Co-owner does not conform to the reasonable standards established by the Association, the Association will have the right to take such action as may be necessary to bring the improvements up to required standards and to charge the cost thereof to the Co-owner responsible for the cleaning, decoration and/or maintenance. The Association may appoint an architectural control committee to act on behalf of the Association for such purposes.

(b) The costs of routine mowing, groundskeeping and landscape maintenance of Setback Areas (excepting lawn areas enclosed by a fence or otherwise inaccessible to lawn maintenance equipment); snow removal from driveways and sidewalks within Sites (but excluding porches and stoops and their steps) and the costs of cleaning, decoration, maintenance, repair and replacement of all General Common Elements will be borne by the Association, except to the extent of repair or replacement due to the act or neglect of a Co-owner or his or her agent, invitee, family member, uninvited visitor or pet. The sidewalks included in the General Common Elements will be maintained, repaired and replaced by the Association except as to those areas crossing driveways that are Limited Common Elements which will be maintained, repaired and replaced as a Limited Common Element outside the boundaries of a Unit although the Association in clearing snow from the sidewalk will also clear snow across the portions of such driveways that contains the sidewalk.

(d) If any Co-owner elects, with the prior written consent of the Association, to construct or install any improvements within the Co-owner's Unit or the Limited Common Elements appurtenant to his or her Unit which increase the costs of maintenance, repair or replacement for which the Association is responsible, such increased costs or expenses, at the option of the Association, may be specially assessed against such Unit or Units.

4.5 Reassignment of Limited Common Elements. Portions of Setback Areas may be reassigned to accomplish Site boundary relocations contemplated by Article X, and other Limited Common Elements may be reassigned as desired by Co-owners upon notice to any affected mortgagee, by written application to the Board of Directors of the Association by all Co-owners whose interest will be affected thereby. Upon receipt of such application, the Board will promptly prepare or cause to be prepared and executed an amendment to this Master Deed reassigning all rights and obligations with respect to the Limited Common Elements involved, and will deliver such amendment to the Co-owners of the Units affected upon payment by them of all reasonable costs for the preparation and approval thereof. All affected Co-owners must consent to such reassignment of a Limited Common Element. In the reassignment of Setback Areas, the affected Co-owners shall consist of the Co-owner desiring to assign the Setback Area appurtenant to his Unit and the proposed assignee Co-owner of the Setback Area.

4.6 Power of Attorney. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time by acceptance of a deed, mortgage, land contract or other conveyance do hereby irrevocably appoint the Developer during the Development Period, and thereafter the Association, as agent and attorney in connection with all matters concerning the General Common Elements and their respective interests in the General Common Elements. Without limitation on the generality of the foregoing, the Developer or Association as the case may be, will have full power and authority to grant easements over, sever or lease mineral interests, and/or convey title to the land constituting the General Common Elements or any part thereof, to consent to street vacations of public streets within or in the vicinity of the Project, and to execute all documents and to do all things on behalf of the Co-owners, mortgagees and other interested persons as are necessary or convenient in the exercise of such powers.

4.7 Condominium Unit Use. Except as set forth herein, Condominium Units will not be separable from the Common Elements appurtenant thereto, and will not be used in any manner inconsistent with the purposes of the Project or in any other way which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of his or her Unit or the Common Elements appurtenant thereto.

ARTICLE V

DESCRIPTION AND PERCENTAGE OF VALUE

5.1 Description of Units. A complete description of each Condominium Unit in the Project, with elevations therein referenced to an official bench mark of the United States Geological Survey sufficient to relocate accurately the space enclosed by the description without reference to the structure itself, is set forth in the Condominium Subdivision Plan as surveyed by Atwell-Hicks, Inc., consulting engineers and surveyors. Each Unit will consist of the land contained within the Unit boundaries as shown on Sheet 6 of the Condominium Subdivision Plan

and delineated with heavy outlines to a depth of 15 feet and a height of 35 feet from the first floor elevation specified for each Unit on Sheet 6, together with all appurtenances thereto.

5.2 Percentage of Value. The percentage of value assigned to each Unit will be equal. The determination that percentages of value should be equal was made after reviewing the comparative characteristics of each Unit in the Project which would affect maintenance costs and value and concluding that there are not material differences among the Units insofar as the allocation of percentages of value is concerned. The percentage of value assigned to each Unit will be determinative of each Co-owner's respective share of the Common Elements of the Condominium Project, the proportionate share of each respective Co-owner in the proceeds and the expenses of administration and the value of such Co-owner's vote at meetings of the Association. The total value of the Project is one hundred (100).

ARTICLE VI

CONTRACTION OF CONDOMINIUM

6.1 Decrease in Number of Units. The Condominium Project established pursuant to the initial Master Deed consists of 53 Units and may, at the election of Developer, be contracted to a minimum of 12 Units.

6.2 Contraction of Condominium. Any other provision of this Master Deed notwithstanding, the Developer may, at the option of the Developer from time to time, within a period ending no later than six years after initial recording of this Master Deed, contract the Project by withdrawing any or all of the lands described in Article II from the Project, provided that no Unit which has been constructed and sold by the Developer may be withdrawn without the consent of the Co-owner and mortgagee of the Unit. Other than as set forth in this Article, there are no restrictions or limitations on the right of the Developer to withdraw lands from the Project as to the portion or portions of land which may be withdrawn, the time or order of such withdrawals or the number of Units and/or Common Elements which may be withdrawn, provided however, that the number of remaining Units in the Project will not be reduced to less than 12 nor the lands constituting the Project to less than that necessary to accommodate the remaining Units with reasonable access and utility services.

6.3 Contraction not Mandatory. There is no obligation on the part of the Developer to contract the Condominium Project, nor is there any obligation to withdraw portions thereof in any particular order nor to construct particular improvements on any withdrawn lands. Developer may, in its discretion, establish all or a portion of the lands withdrawn from the Project as a separate condominium project (or projects) or any other form of development.

6.4 Amendment to Master Deed and Modification of Percentage of Value. A withdrawal of lands from this Condominium Project by the Developer will be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments will be prepared by and at the discretion of the Developer and in which the percentages of value set forth in Article V hereof will be proportionately readjusted in order to preserve a total value of 100 for the entire Project, resulting from such amendment or amendments to the Master Deed.

6.5 Redefinition of Common Elements. The amendment or amendments to the Master Deed by the Developer to contract the Condominium will also contain such provisions as Developer may determine necessary or desirable (i) to create easements burdening or benefiting portions or all of the parcel or parcels being withdrawn from the Project, and/or (ii) to create or change restrictions or other terms and provisions, including designations and definition of Common Elements, affecting the parcel or parcels being withdrawn from the Project or affecting the balance of the Project as reasonably necessary in the Developer's judgment to enhance the value or desirability of the parcel or parcels being withdrawn from the Project.

ARTICLE VII

EASEMENTS

7.1 Easement for Maintenance of Setback Areas, Etc. There are hereby created easements to and in favor of the Association, and its officers, directors, agents and designees, in, on and over all Units and Common Elements in the Project, for access to the Units, Setback Areas and the exterior of each of the residences that is constructed within the Project to permit any maintenance, repair and replacement to be performed by the Association as provided in Section 4.4. There also will exist easements to and in favor of the Association, and its officers, directors, agents and designees, in, on and over all Units and Common Elements of the Project for access to and maintenance of those Common Elements of the project for which the Association may from time to time be responsible, including street lighting and common mail boxes located in Setback Areas.

7.2 Grant of Easements by Association. The Association is empowered to grant such easements, licenses, rights-of-entry and rights-of-ways over, under and across the Condominium Property for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium or other lands whether or not described in Article VI, Section 6.1, subject, however, to the approval of the Developer so long as the Development Period has not expired.

7.3 Easements for Maintenance, Repair and Replacement. The Developer, the Association and all public or private utilities providing utility service to the Condominium Project will have such easements as may be necessary over the Condominium Property, including all Units and Common Elements, to fulfill any responsibilities of maintenance, repair, decoration, inspection or replacement which they or any of them are required or permitted to perform under the Condominium Documents.

7.4 Utility Easements. Developer hereby reserves for the benefit of itself, its successors and assigns perpetual easements to enter upon and cross the Condominium Property and lay pipes and cables and do all other things reasonably necessary to utilize, tap, tie into, extend and enlarge all utility mains located on the Condominium Property, including, but not limited to, water, gas, storm and sanitary sewer mains, without regard to whether the utilization is in connection with the Condominium Project. In the event Developer, its successors or assigns, thus utilizes, taps, ties into, extends or enlarges any utilities located on the Condominium Property it will be obligated to pay all of the expenses reasonably necessary to restore the Condominium Property to its state immediately prior to such utilization, tapping, tying-in, extension or enlargement. The costs of maintenance, repair and replacement of all utilities shared by the Co-owners and the owner or owners of any land adjoining the

Condominium Property will be borne by all such persons proportionately based upon the ratio of the number of dwelling units located upon the adjoining land to the total number of dwelling units sharing the utilities.

Developer reserves the right during the Development Period to grant easements for utilities over, under and across the Condominium Property to appropriate governmental agencies or public utility companies and to transfer title to state, county or local governments. Any such easement or transfer of title may be conveyed by Developer without the consent of any Co-owner, mortgagee or other person and may be evidenced by either a separate easement or document transferring title or by an appropriate amendment to the Master Deed. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time by acceptance of a deed, mortgage, land contract or other conveyance do thereby irrevocably and unanimously consent to any such easement grant, deed or amendment or amendments of this Master Deed to effectuate the foregoing easement or transfer of title.

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

7.6 Roadway Easement. Developer hereby reserves for the benefit of itself, its agents, employees, guests, invitees, independent contractors, successors and assigns, a perpetual easement for the unrestricted use of all roads and walkways now or hereafter located in the Condominium Project for the purpose of ingress and egress from all or any portion of the Condominium Property in furtherance of any legitimate purpose, including development and operation of adjoining property.

7.7 Termination of Easements. Developer reserves to itself, and its successors and assigns, the right to terminate and revoke any utility or other easement granted in this Master Deed at such time as the particular easement has become unnecessary. This may occur, by way of example but not limitation, when water or sewer systems are connected to municipal systems or when a water or sewer system or other utility easement is relocated to coordinate further and future development of the Project or other development within the area of future development. No utility easement may be terminated or revoked unless and until all Units served by it are adequately served by an appropriate substitute or replacement utility on a shared maintenance basis. Any termination or revocation of any such easement will be effected by recording an appropriate amendment to this Master Deed.

ARTICLE VIII

UNIT IMPROVEMENTS OR ALTERATIONS

8.1 Unit Improvements or Alterations. The only improvements permitted to be constructed within a Unit by any Co-owner other than the Developer is a single family residence and associated improvements as contemplated and permitted by the Condominium Bylaws. A Co-owner may make improvements or alterations to the residence within a Condominium Unit that do not impair or diminish the appearance of the Project or the view, privacy or other significant attribute of any Unit which adjoins or is proximate to the Unit, subject to the approval of the Developer during the Development Period, and thereafter subject to the approval of the Association.

ARTICLE IX

UNIT BOUNDARY RELOCATIONS

9.1 Unit Boundary Relocation. If the Developer desires to relocate the boundaries of a Unit the Developer owns within the Unit's Setback Area, then the Developer may, without the consent of other Co-owners or the Association, amend this Master Deed to relocate such boundaries as desired by the Developer.

ARTICLE X

SITE BOUNDARY RELOCATIONS

10.1 Site Boundary Relocation. If the Developer is the owner of adjoining Sites and desires to relocate the boundaries of any Site or Sites, then the Developer may, without the consent of other Co-owners or the Association, amend this Master Deed to relocate such boundaries as desired by the Developer.

ARTICLE XI

AMENDMENT

11.1 Amendment. Except as otherwise expressly provided in this Master Deed, the Condominium Project will not be terminated, vacated, revoked or abandoned except as provided in the Act, nor may any of the provisions of this Master Deed, including Exhibits A and B be amended, except as follows:

(a) **No Material Change.** Amendments may be made without the consent of Co-owners or mortgagees by the Developer during the Development Period, and thereafter by the Association, as long as the amendment does not materially alter or change the rights of a Co-owner or mortgagee, including, but not limited to, amendments for the purpose of (i) a modification of the types and sizes of unsold Units and their appurtenant Limited Common Elements, (ii) correcting survey or other errors, (iii) making minor changes to the boundaries of the Project and/or (iv) facilitating mortgage loan financing for existing or prospective Co-owners and to enable or facilitate the purchase or insurance of such mortgage loans by the Federal Home Loan Mortgage

Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veteran's Administration, the Department of Housing and Urban Development, any other agency of the federal government or the State of Michigan and/or any other institutional participant in the secondary mortgage market which purchases or insures mortgages.

(b) **Material Change.** Amendments may be made by the Developer during the Development Period, and thereafter by the Association, even if it will materially alter or change the rights of the Co-owners or mortgagees, with the consent of not less than two-thirds of the votes of the Co-owners and mortgagees. A Co-owner will have one (1) vote for each Unit owned (including, as to the Developer, all Units created by the Master Deed not yet conveyed). A mortgagee will have one (1) vote for each Unit mortgaged to the mortgagee. The required two-thirds (2/3) vote will be two-thirds (2/3) of the number of Units increased by the number of Units subject to mortgages. The required votes may be achieved by written consent of the required two-thirds (2/3) of the Co-owners and mortgagees or, as to nondeveloper Co-owners, by consent established by the vote of the Co-owner by any voting method described in Article VIII of the Bylaws.

(c) **Time Limitations.** Amendments to extend and/or eliminate the six year time periods for Developer amendments to expand, contract and/or convert contained in Sections 6.2, 7.2 and 8.1 may be made by the Developer, with the consent of not less than two-thirds (2/3) of the votes of the Co-owners and mortgagees (determined as provided in paragraph (b) of this Section) or by the Association after the Transitional Control Date acting through its Board of Directors without any additional consent of Co-owners and mortgagees beyond the consent reflected in paragraph (i) of this Section.

(d) **Legal Compliance.** Amendments may be made without the consent of Co-owners or mortgagees by the Developer, even if such amendment will materially alter or change the rights of the Co-owners or mortgagees, to achieve compliance with the Act or with rules, interpretations or orders promulgated by the Administrator pursuant to the Act, or with other federal, state or local laws, ordinances or regulations affecting the Project.

(e) **Required Co-owner Consents.** The method or formula used to determine the percentage of value of Units in the Project for other than voting purposes, and any provisions relating to the ability or terms under which a Co-owner may rent a Unit, may not be modified without the consent of each affected Co-owner and mortgagee. A Co-owner's Condominium Unit dimensions or appurtenant Limited Common Elements may not be modified without the Co-owner's consent.

(f) **Developer Rights to Amend.** The restrictions contained in this Article XI on amendments will not in any way affect the rights of Developer as set forth elsewhere in this Master Deed, such as in Articles IV, VI, VII, IX, and X.

(g) **Consolidating Master Deed.** A Consolidating Master Deed will be recorded pursuant to the Act when the Project is finally concluded as determined by Developer in order to incorporate into one set of documents all successive stages of development. The Consolidating Master Deed, when recorded, will supersede the

previously recorded Master Deed and all amendments thereto. The Consolidating Master Deed may incorporate by reference all or any pertinent portions of this Master Deed, as amended, and the Exhibits hereto, or, at the election of the Developer, may restate any or all of the provisions of this Master Deed, as amended, and the Exhibits hereto, deleting provisions or parts of provisions that have been superseded, or whose effectiveness has expired, or which benefit the Developer. If no expansion, contraction or conversion of the Condominium Project occurs, no Consolidating Master Deed need be recorded.

(h) **Power of Attorney.** All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time by acceptance of a deed, mortgage, land contract or other conveyance do thereby irrevocably and unanimously consent to the Developer and/or the Association making any amendment or amendments authorized by this Master Deed to be made by the Developer or the Association respectively, including the Consolidating Master Deed, and to any reallocation of percentages of value determined by the Developer or the Association to be necessary in conjunction with such amendment or amendments. All such interested persons by acceptance of a deed, mortgage, land contract or other conveyance do thereby irrevocably appoint the Developer and/or the Association as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed authorized to be made by the Developer or the Association respectively, and all ancillary documents necessary to effectuate such amendments.

(i) **Developer Consent.** This Master Deed may not be amended during the Development Period without the written consent of the Developer. This Master Deed may never be amended without the written consent of the Developer if the amendment would cause the termination or expiration of any rights to enforce the Condominium Bylaws or 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 and rights to create easements created and reserved in such documents).

(j) **Notice.** Co-owners and mortgagees of record in Washtenaw County, Michigan will be notified of proposed amendments not less than ten (10) days before the amendment is recorded.

(k) **Costs.** A person causing or requesting an amendment to the Condominium Documents will be responsible for costs and expenses of the amendment, except for amendments based upon a vote of the prescribed majority of Co-owners and mortgagees or based upon the Advisory Committee's decision, the costs of which are expenses of administration.

(l) **Recording.** All amendments will be effective upon recording in the office of the Washtenaw County Register of Deeds.

(m) **Binding.** A copy of each amendment to the Master Deed will be furnished to every Co-owner. However, any amendment to the Master Deed that is adopted in accordance with this Article will be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XII

ASSIGNMENT

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

IN WITNESS WHEREOF, the Developer has duly executed this Master Deed on the day and year first above written.

WITNESSES:

Julie L. TerVeen
Julie L. TerVeen
Krista R. Bosscher
Krista R. Bosscher

FOX GLEN DEVELOPMENT, L.L.C., a
Michigan limited liability company

By: Harold J. Kloosterman
Harold J. Kloosterman
Its Manager

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)

On this 22nd day of September, 1999, before me, a Notary Public in and for said County, appeared Harold J. Kloosterman, to me personally known, who being by me duly sworn, did say that he is the Manager of Fox Glen Development, L.L.C., a Michigan limited liability company, and that he executed the above Master Deed on behalf of the company.

Julie Lynn TerVeen
Julie Lynn TerVeen
Notary Public, Kent County, MI
My Commission Expires: 12-9-99

This Master Deed Drafted By:
Keith P. Walker
McSHANE & BOWIE, P.L.C.
1100 Campau Square Plaza
99 Monroe Ave., N.W.
P.O. Box 360
Grand Rapids, MI 49501-0360
(616) 732-5000

Return to draftsman after recording.

FOX GLEN

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

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

ARTICLE II

ASSESSMENTS

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

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

2.2 Determination of Assessments. Assessments will be determined in accordance with the following provisions:

(a) **Budget.** The Board of Directors of the Association will establish an annual budget in advance for each fiscal year and such budget will project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including maintenance, repair and replacement of General Common Elements, trash collection and a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis will be established in the budget and must be funded by regular monthly payments as set forth in Section 2.3 below rather than by special assessments. At a minimum, the reserve fund will be equal to ten percent (10%) of the Association's current annual budget on a non-cumulative basis. The minimum standard required by this section may prove to be inadequate for this particular Project. The Association should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes. Upon adoption of an annual budget by the Board of Directors, copies of the budget will be delivered to each Co-owner and the assessment for the year will be established based upon the budget, although the failure to deliver a copy of the budget to each Co-owner will not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, (2) to provide replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding Five Thousand Dollars (\$5,000.00) annually for the entire Condominium Project, or (4) that an event of emergency exists, the Board of Directors will have the authority to increase the general assessment or to levy such additional assessment or assessments as it will deem to be necessary. The Board of Directors also will have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Section 5.4 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subsection will rest solely with the Board of Directors for the benefit of the Association and the members thereof, and will not be enforceable by any creditors of the Association or the members thereof.

(b) **Special Assessments.** Special assessments, in addition to those required in subsection (a) above, or elsewhere in these Condominium Documents; may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding Five Thousand Dollars (\$5,000.00) for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 2.5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection (b) (but not including those assessments referred to in subsection (a) above, or elsewhere in these Condominium Documents, which will be levied in the sole discretion of the Board of Directors) will not be levied without the prior approval of more than sixty percent (60%) of all Co-owners. The authority to levy assessments pursuant to this subsection is solely

for the benefit of the Association and the members thereof and will not be enforceable by any creditors of the Association or the members thereof.

2.3 Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration will be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article V of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Section 2.2(a) above will be payable by Co-owners in advance in semi-annual, quarterly or monthly installments as the Board of Directors determines, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of title to a Unit by any other means. The payment of an assessment will be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment.

Each payment of any assessment installment in default for ten or more days will bear interest from the initial due date thereof at the rate of seven percent (7%) per annum until each installment is paid in full. The Association may, pursuant to Section 17.4 hereof, levy fines for the late payment in addition to such interest. Each Co-owner (whether one or more persons) will be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his or her Unit which may be levied while such Co-owner is the owner thereof. Payments on account of assessments in default will be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment; and third, to amounts in default in order of their due dates.

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

2.5 Enforcement.

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any assessment levied against his or her Unit, the Association will have the right to declare all assessments including all unpaid installments of the annual assessment for the pertinent fiscal year, immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven (7) days written notice to such Co-owner of its intention to do so. A Co-owner in default will not be entitled to utilize any of the General Common Elements of the Project and will not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision will not operate to deprive any Co-owner of ingress or egress to and from his or her Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons

claiming under him or her. All of these remedies will be cumulative and not alternative and will not preclude the Association from exercising such other remedies as may be available at law or in equity.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Project, will 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 and either as a statutory lien or a mortgage lien. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-owner and every other person who from time to time has any interest in the Project will 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 the Unit he or she was notified of the provisions of this subsection and that he or she voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit.

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment will be commenced, nor will any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or her or their last known address, a written notice that one or more payments of assessments levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten days after the date of mailing. Such written notice will be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorneys' fees and future assessments), (iv) the legal description of the subject Unit(s) and (v) the name(s) of the Co-owner(s) of record. Such affidavit will be recorded in the office of the Register of Deeds of Washtenaw County prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association will so notify the delinquent Co-owner and will inform him or her that he or she may request a judicial hearing by bringing suit against the Association.

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

2.6 Liability of Mortgagee. 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 by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata allocation of such assessments or charges to all Units including the mortgaged Unit.)

2.7 Developer's Responsibility for Assessments. The Developer shall be responsible for payment of the regular monthly assessment, and all special assessments, for all Units owned by the Developer.

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

2.9 Personal Property Tax Assessments of Association Property. The Association will 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 will be treated as expenses of administration.

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

2.11 Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association will provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement will be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit will be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five days prior to the closing of the purchase of such Unit will render any unpaid assessments and the lien securing same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

ARTICLE III ARBITRATION

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 will

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, will be submitted to arbitration and the parties thereto will accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter will be applicable to any such arbitration.

3.2 Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 3.1 above, no Co-owner or the Association will be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

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

ARTICLE IV INSURANCE

4.1 Extent of Coverage. The Association shall, to the extent appropriate given the nature of the Common Elements of the Project, carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and worker's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the General Common Elements of the Condominium Project and such insurance will be carried and administered in accordance with the following provisions:

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

(b) **Insurance of Common Elements.** There are not expected to be any General Common Elements needing fire or extended coverage insurance. Any future General Common Elements of the Condominium Project that should be so insured will be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

(c) **Premium Expenses.** All premiums upon insurance purchased by the Association pursuant to these Bylaws will be expenses of administration.

(d) **Proceeds of Insurance Policies.** Proceeds of all insurance policies owned by the Association will be received by the Association, held in a separate account and distributed to the Association, and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium will be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association

as a result of any loss requiring repair or reconstruction will be applied for such repair or reconstruction and in no event will hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

4.2 Authority of Association to Settle Insurance Claims. Each Co-owner, by acceptance of a deed, land contract, or other conveyance, does thereby appoint the Association as his or her true and lawful attorney in fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and worker's compensation insurance, if applicable, pertinent to the Condominium Project and the General Common Elements thereof, and such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney will have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owner and the Condominium as are necessary or convenient to the accomplishment of the foregoing.

4.3 Responsibilities of Co-owners. Each Co-owner will be responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to his or her residence and all other improvements constructed or to be constructed within the boundaries of his or her Condominium Unit, together with all Limited Common Elements appurtenant to his or her Unit, whether located within or outside the boundaries of his or her Unit, and for his or her personal property located therein or elsewhere on the Condominium Project. All such insurance will be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, and evidenced to the Association in a manner acceptable to the Association. In the event of the failure of a Co-owner to obtain such insurance, the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor will constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments are collected in accordance with Article II. Each Co-owner also will be obligated to obtain insurance coverage for his or her personal liability for occurrences within the boundaries of his or her Condominium Unit or within the residence located thereon and on the Limited Common Elements appurtenant thereto (regardless of where located), and for alternative living expense in the event of fire. The Association will under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 4.3 or any liability to any person for failure to do so.

4.4 Waiver of Right of Subrogation. The Association and all Co-owners will use their best efforts to cause all property and liability insurance carried by the Association or any Co-owners to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner, the Developer or the Association.

4.5 Officers' and Directors' Insurance. The Association may carry officers' and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as the Board deems appropriate.

ARTICLE V RECONSTRUCTION OR REPAIR

5.1 Determination to Reconstruct or Repair. If any part of the Condominium Property is damaged, the determination of whether or not it will be reconstructed or repaired will be made in the following manner:

A. General Common Elements. If all or any significant portion of a General Common Element is so damaged as to make the General Common Element unusable without rebuilding or restoring it, the General Common Element will be rebuilt unless eighty percent (80%) or more of the Co-owners agree, within forty-five (45) days after the destruction, not to rebuild the General Common Element, in which case the entire relevant portion of the General Common Element will be removed. If, however, the General Common Element which is damaged is a roadway providing ingress and egress to one or more Units or is used for providing utility services to one or more Units, the General Common Element will be rebuilt unless the eighty percent (80%) or more of the Co-owners agreeing not to rebuild the General Common Element includes the Co-owners of all such Units.

B. Limited Common Elements, Residences and Other Improvements. If a Limited Common Element, residence, or other improvement constructed within the boundaries of a Unit is damaged, the Co-owner of the Unit will rebuild and restore the damage or will completely remove the Limited Common Element, residence and/or improvement, restoring the land with sod and landscaping in accordance with plans approved by the Developer during the Development Period and by the Association thereafter.

5.2 Repair in Accordance with Plans and Specifications. Any such reconstruction or repair will be substantially in accordance with the Master Deed and the plans and specifications for each residence in the Project as constructed by the Developer. Any repairs or replacements must be approved by the Developer during the Development Period and by the Association thereafter.

5.3 Co-owner Responsibility for Repair.

(a) Definition of Co-owner Responsibility. If the damage is to the residence or other improvement constructed within the boundaries of a Unit, or to a Limited Common Element appurtenant thereto which is the responsibility of a Co-owner to maintain and repair, it will be the responsibility of the Co-owner to repair such damage. In all other cases, the responsibility for reconstruction and repair will be that of the Association.

(b) Notification of Institutional Holder of First Mortgage. In the event of substantial damage to or destruction of any Unit or any improvements located thereon or any part

of the Common Elements, the Association will promptly so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

5.4 Association Responsibility for Repair. Except as otherwise provided in Section 5.3 above and in the Master Deed, the Association will be responsible for the reconstruction, repair and maintenance of the Common Elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association will obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment will be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

5.5 Timely Reconstruction and Repair. If damage to Common Elements or the residence or other improvements constructed within the boundaries of a Unit adversely affects the appearance of the Project, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof will proceed with replacement of the damaged property without delay, and will complete such replacement within six months after the date of the occurrence which caused damage to the property.

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

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

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

(c) **Continuation of Condominium After Taking.** In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project will be re-surveyed and the Master Deed amended accordingly, and, if any Unit will have been taken, then Article V of the Master Deed will also be amended to reflect

such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of one hundred (100). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by a Co-owner or other person having any interest whatever in the Project, as mortgagee or otherwise.

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

5.7 Notification of FHLMC. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon request therefor by FHLMC, the Association will give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds Ten Thousand Dollars (\$10,000.00) in amount or damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds One Thousand Dollars (\$1,000.00).

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

ARTICLE VI RESTRICTIONS

All of the Units in the Condominium will be held, used and enjoyed subject to the following limitations and restrictions (with all referenced approvals and consents to be effective only if given in writing):

6.1 Residential Use. The Units are for single-family residential purposes only. There will not exist on any Unit at any time more than one residence. No building or structure other than the residence constructed by the Developer on each Unit may be erected on any Unit other than a replacement after destruction. No residence on any Unit will be used or occupied by other than a single family, its temporary guests and family servants and no residence on any Unit will be used for other than residential use.

6.2 Home Occupations. Although all Units are to be used only for single-family residential purposes, nonetheless home occupations will be considered part of a single-family residential use if, and only if, the home occupation is conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence, which use is clearly incidental and secondary to the use of the residence for dwelling purposes and does not

change the character thereof. To qualify as a home occupation, there must be (i) no sign or display that indicates from the exterior that the residence is being utilized in whole or in part for any purpose other than that of a dwelling; (ii) no commodities sold upon the premises; (iii) no person is employed other than a member of the immediate family residing on the premises, and (iv) no mechanical or electrical equipment is used, other than personal computers and other office type equipment. In no event shall a barber shop, styling salon, beauty parlor, tea room, fortune-telling parlor, day care center, animal hospital, or any form of animal care or treatment such as dog trimming, be construed as a home occupation. Although garage sales are included within the prohibited uses since commodities are sold at garage sales, garage sales may nonetheless be conducted with the prior written approval of the Association, if the Association determines to permit garage sales, so long as conducted in accordance with any rules or conditions adopted by the Association.

6.3 Utility Services. Co-owners will purchase utility services from utility providers designated by the Developer or the Association as the Project utility provider if and to the extent the Developer or the Association makes such designations for telephone, telecommunication, cable television, electric, gas or other utility services.

6.4 Letter and Delivery Boxes. The Developer will determine the location, color, size, design, lettering, and all other permitted particulars of all mail or paper delivery boxes, and standards and brackets and name signs for such boxes. Each Unit owner will either install his or her mailbox or pay the cost of the Co-owner's mailbox as reasonably determined by Developer.

6.5 Lighting and Solar Panels. No vapor lights, dusk to dawn lights or other lights regularly left on during the night may be installed or maintained on any Site without prior written approval from the Developer during the Development Period and thereafter from the Association. No solar panels may be installed or maintained on any Site.

6.6 Signs. Any sign must satisfy any and all applicable requirements of the zoning and other ordinances of Pittsfield Township, Washtenaw County, Michigan. In addition, no signs or any advertising will be displayed on any Unit unless their size, form, and number are first approved in writing by the Developer, except that one "For Sale" sign referring only to the Unit on which displayed and not exceeding five (5) square feet in size may be displayed without approval. A name and address sign, the design of which will be approved by the Developer, will be permitted. Nothing herein will be construed to prevent the Developer from erecting, placing, or maintaining signs and offices as may be deemed necessary by the Developer in connection with the sale of Units.

6.7 Exterior Changes. Any change in the physical appearance of the exterior of any residence as constructed by the Developer must have the prior written approval of the Developer during the Development Period and thereafter of the Association. This includes exterior colors of buildings, fences, and significant landscaping changes.

6.8 Antennae and Satellite Dishes. Antenna and satellite dish installation and location must be approved in writing by the Developer prior to construction during the Development Period and thereafter by the Association.

6.9 Outbuildings and Structures. Any outbuilding, structure or other improvement including, but not limited to, a barn, storage shed, temporary building, outbuilding, playhouse, tree house, dog run, fence, pool or hot tub may be placed, erected or maintained on any Site only with the prior written approval of the Developer during the Development Period and thereafter with the prior written approval of the Association.

6.10 Hazardous Materials and Fuel Storage Tanks. No Co-owner will bring environmentally hazardous materials onto the Condominium Property unless for domestic use at the Co-owner's residence in reasonable quantities limited to the immediate need. No oil or fuel storage tanks may be installed on any Site and no more than ten (10) gallons of petroleum products may be stored on any Site (not including fuel within the tanks of cars or other vehicles).

6.11 Animals. No animals, birds or fowl may be kept or maintained on any Site, except dogs, cats and pet birds which may be kept thereon in reasonable numbers determined by the Association as pets for the pleasure and use of the occupants. No animal may be kept or bred for any commercial purpose and all animals will have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No dog may be permitted at any time outside a Site unless accompanied by an attendant who shall have such dog firmly held by collar and leash, which leash shall not exceed eight feet in length. No person owning, harboring, or having in his or her possession any cat shall permit or allow such cat to run at large. No savage or dangerous animal will be kept on any Site. Owners will have full responsibility for any damage to persons or property caused by his or her pet. The owner is required to properly dispose of the waste his or her animal deposits on any property. No dog which barks and can be heard on any frequent or continuing basis will be kept on any Site, including within any residence. The Association may, without liability to the owner thereof, remove or cause to be removed any animal which it determines to be in violation of the restrictions imposed by this Section. The Association will have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper.

6.12 Garage Doors. For security and aesthetic reasons, garage doors will be kept closed at all times except as may be reasonably necessary to gain access to and from any garage. Each garage door must have a functional remote controlled garage door opener attached to the garage door at all times.

6.13 Recreational and Commercial Vehicles. No house trailers, trailers, boats, camping vehicles, motorcycles, all terrain vehicles, snowmobiles, or vehicles other than automobiles or vehicles used primarily for general personal transportation use may be parked or stored upon any Unit or adjoining areas, unless parked in a garage with the door closed or with the written consent of the Association. No inoperable vehicles of any type may be brought or stored upon any Unit, either temporarily or permanently, unless within a garage with the door closed. No trucks over 3/4 ton will be parked overnight on any Unit, except in an enclosed garage without the prior written consent of the Association. No snowmobiles, motorcycles or all terrain vehicles will be used on any Site or any part of the Condominium Property without the

prior written approval of the Association. Parking on the General Common Elements (including streets) will be subject to any rules and regulations adopted by the Association.

6.14 Nuisances. No owner of any Unit will do or permit to be done any act or condition upon his or her Site which may be or is or may become a nuisance. No Site will be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause the Site to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor will any substance, thing, or material be kept upon any Site that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding Units. No weeds, underbrush, or other unsightly growths will be permitted to grow or remain upon any part of a Site except to the extent it is natural undergrowth in a wooded area that the Developer does not disturb in the construction of the residence and no refuse pile or unsightly objects will be allowed to be placed or suffered to remain anywhere on a Site. In the event that any Co-owner will fail or refuse to keep a Site free from weeds, underbrush, or refuse piles or other unsightly growths or objects, then the Developer or the Association may enter upon the Site and remove the same and such entry will not be a trespass; the Co-owner of the Unit will reimburse the Developer or the Association all costs of such removal. In addition, if any Co-owner of any Site fails to mow at least two times per month during the mowing season, then the Developer or the Association may enter upon the Site and mow the Site and such entry will not be a trespass; the Co-owner of the Site will reimburse the Developer or the Association all costs of such mowing. Any firewood stored within a Site will be in limited and reasonable quantities and kept in a neat and orderly manner, all as may be further specified by the Association.

6.15 Garbage and Refuse Disposal. All trash, garbage and other waste is to be kept only in sanitary containers inside garages or otherwise within fully enclosed areas at all times and will not be permitted to remain elsewhere on the Unit, except for such short periods of time as may be reasonably necessary to permit periodic collection. All trash, garbage and other waste must be removed from the Unit at least once each week on the day and at the time specified by the Association. The Association may adopt rules and regulations to control the style and size of the sanitary containers placed outside of fully enclosed areas for collection and/or specify specific pick-up times.

6.16 Zoning. In addition to the restrictions herein, the use of any Unit and any structure constructed on any Unit must satisfy the requirements of the zoning ordinance of Pittsfield Township, Washtenaw County, Michigan, which is in effect at the time of the contemplated use or construction of any structure unless a variance for such use or structure is obtained from the Zoning Board of Appeals of Pittsfield Township and further there is obtained a written consent thereto from the Developer during the Development Period and thereafter from the Association.

6.17 Mineral Extraction. No derrick or other structures designed for use in boring for oil or natural gas will be erected, placed, or permitted upon any Unit, nor will any oil, natural gas, petroleum, asphaltum, or hydrocarbon products or minerals of any kind be produced or extracted from or through the surface of any Unit. Rock, gravel, and/or clay will not be excavated or removed from any Unit for commercial purposes.

6.18 Changes in General Common Elements. No Co-owner other than the Developer will make changes in any of the General Common Elements without the written approval of the Developer during the Development Period and thereafter of the Association.

6.19 Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time in connection with use, operation and management of the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Units and the Common Elements may be made and amended from time to time by any Board of Directors of the Association. Copies of all such rules, regulations and amendments thereto will be furnished to all Co-owners. However, the Board may not adopt any rule or regulation in violation of the following provisions:

(a) **Equal Treatment.** Similarly situated Co-owners and occupants shall be treated similarly.

(b) **Speech.** The rights of Co-owners and occupants to display political signs and symbols in or on their Units of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Co-owners and occupants.

(c) **Religious and Holiday Displays.** The rights of Co-owners to display religious and holiday signs, symbols, and decorations in their Units of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Co-owners and occupants.

(d) **Household Composition.** No rule shall interfere with the freedom of occupants of Units to determine the composition of their households, except that the Association shall have the power to adopt rules limiting use of Units to single family residential use and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair share use of the Common Elements.

(e) **Activities Within Unit.** No rule shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to single family residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Co-owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, or that create an unreasonable source of annoyance.

(f) **Alienation.** No rule shall prohibit transfer of any Unit, or require consent of the Association for transfer of any Unit, that would cause a delay in the transfer for any period

longer than thirty (30) days. The Association shall not impose any fee on transfer of any Unit greater than an amount reasonably based on the costs to the Association of the transfer.

(g) **Reasonable Rights to Develop.** No rule or action by the Association shall unreasonably impede Developer's right to develop the Project and adjoining property.

(h) **Abridging Existing Rights.** If any rule would otherwise require Co-owners to dispose of personal property located at the Project which they owned and were permitted to have at the Project prior to adoption of the rule, such rule shall not apply to any such Co-owners without their written consent.

6.20 Association Services. The Association will provide snow removal and yard services within Setback Areas as provided in Section 4.4 (b) of the Master Deed. In addition the Association may decide to provide other services to the Co-owners, on terms determined by the Association, including:

(a) **Recycling Programs.** The Association may establish a recycling program and recycling center within the Project and in such event, all occupants of Units shall support such program by recycling, to the extent reasonably practical, all materials which the Association's recycling program or center is set up to accommodate. The Association may, but shall have no obligation to, purchase recyclable materials in order to encourage participation and any income received by the Association as a result of such recycling efforts will be receipts affecting the administration of the Condominium to be paid over to and be the property of the Association.

(b) **Security.** The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. NEITHER THE ASSOCIATION NOR THE DEVELOPER SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROJECT, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH CO-OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM THE CO-OWNER'S FAMILY MEMBERS, GUESTS AND TENANTS THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES AND DEVELOPER ARE NOT INSURERS AND THAT EACH PERSON USING THE PROJECT ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES.

6.22 Leasing and Rental.

(a) **Right to Lease.** A Co-owner may lease his or her Unit for the same purposes set forth in Section 6.1; provided that written disclosure of such lease transaction is submitted to the Association in the manner specified in subsection (b) below. With the exception of a lender in possession of a Unit following default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner will lease less than an entire Unit in the Condominium and no tenant will be permitted to occupy except under a lease the initial term of which is at least one year unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements will incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium at its discretion for such term or terms as Developer determines.

(b) **Leasing Procedures.** The leasing of Units in the Project will conform to the following provisions:

(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, will disclose that fact in writing to the Association at least ten days before presenting a lease form to a potential tenant of that Unit and, at the same time, will supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer desires to rent Units before the Transitional Control Date, it will notify either the Advisory Committee or each Co-owner in writing.

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

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

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

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

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

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

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, will deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions will not constitute a breach of the rental agreement or lease by the tenant.

6.23 Remedies on Breach. A default by a Co-owner shall entitle the Association to the following relief:

(a) Failure to comply with any restriction on use and occupancy contained herein or of any other term or provision of the Condominium Documents shall be grounds for relief, which may include an action to recover sums due for damages, injunctive relief, foreclosure of lien or any other remedy appropriate to the nature of the breach as set forth in the Condominium Documents including, without limitation, the discontinuance of services upon seven days notice, the levying of fines against Co-owners after notice and hearing thereon and the imposition of late charges for nonpayment of assessments. All such remedies shall be deemed to be cumulative and shall not be considered as an election of remedies.

(b) In a proceeding arising because of an alleged default by a Co-owner, the Association, if successful, shall recover the cost of the proceeding and actual reasonable attorneys' fees incurred.

(c) The failure of the Association to enforce any right, provision, covenant or condition which is granted by the Condominium Documents shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

An aggrieved Co-owner also shall be entitled to compel enforcement of the Condominium Documents by action for injunctive relief and/or damages against the Association, its officers or another Co-owner in the Project.

ARTICLE VII MORTGAGES

7.1 Notice to Association. Any Co-owner who mortgages his or her Unit will notify the Association of the name and address of the mortgagee, and the Association will 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 may give to the holder of any mortgage covering any Unit in the project written notification of any default in the performance of the obligations of the Co-owner of such Unit.

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

7.3 Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium will 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 VIII VOTING

8.1 Vote. Except as limited in these Bylaws, each Co-owner will be entitled to one vote for each Condominium Unit owned.

8.2 Eligibility to Vote. No Co-owner, other than the Developer, will be entitled to vote at any meeting of the Association until he or she has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Section 11.2 of these Bylaws, no Co-owner, other than the Developer, will be entitled to vote prior to the date of the First Annual Meeting held in accordance with Section 9.2. 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 8.3 or by a proxy given by such individual representative. The Developer will be the only person entitled to vote at a meeting of the Association until the First Annual Meeting and will be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting the Developer will be entitled to vote for each completed Unit which the Developer owns and for which the Developer has the responsibility to pay regular monthly assessments.

8.3 Designation of Voting Representative. Each Co-owner must file a written notice with the Association designating one individual representative who will vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice will state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice will be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

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

8.5 Voting. Votes may be cast only in person or 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 will not be permitted.

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

ARTICLE IX MEETINGS

9.1 Place of Meeting. Meetings of the Association will 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 will be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

9.2 First Annual Meeting. The First Annual Meeting may be convened only by Developer and may be called at any time after more than 27 of the Units in Fox Glen are sold and the purchasers thereof qualified as members of the Association. In no event, however, will such meeting be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper Co-owners of 40 of the Units or fifty-four (54) months after the first conveyance of legal or equitable title to a nondeveloper Co-owner of a Unit in the project, whichever first occurs. The Developer may call meetings of members for information or other appropriate purposes prior to the First Annual Meeting and no such meeting will be construed as the First Annual Meeting. The date, time and place of such meeting will be set by the Board of Directors, and at least ten days written notice thereof will be given to each Co-owner.

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

9.4 Special Meetings. It will be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by

one-third (1/3) of the Co-owners presented to the Secretary of the Association. Notice of any special meeting will state the time and place of such meeting and the purposes thereof. No business will be transacted at a special meeting except as stated in the notice.

9.5 Notice of Meetings. It will be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Co-owner of record, at least ten days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Section 8.3 of these Bylaws will be deemed notice served. Any member may, by written waiver of notice signed by each member, waive such notice, and such waiver, when filed in the records of the Association, will be deemed due notice.

9.6 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.

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

9.8 Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots will be solicited in the same manner as provided in Section 9.5 for the giving of notice of meetings of members. Such solicitations will specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot will afford an opportunity to specify a choice between approval and disapproval of each matter and will provide that, where the member specifies a choice, the vote will be cast in accordance therewith. Approval by written ballot will be constituted by receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

9.9 Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, will be as valid as though made at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy; and if,

either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver or notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals will be filed with the corporate records or made a part of the minutes of the meeting.

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

ARTICLE X ADVISORY COMMITTEE

Within one year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within one hundred twenty (120) days after conveyance to purchasers of 18 of the Units, whichever first occurs, the Developer will cause to be established an Advisory Committee consisting of at least three nondeveloper Co-owners. The Committee will be established and perpetuated in any manner the Developer deems advisable, except that if more than fifty percent (50%) of the nondeveloper Co-owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose will be held. The purpose of the Advisory Committee will be to facilitate communications between the temporary Board of Directors and the nondeveloper Co-owners and to aid the transition of control of the Association from the Developer to purchaser Co-owners. The Advisory Committee will cease to exist automatically when the nondeveloper Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected by the Co-owners.

ARTICLE XI BOARD OF DIRECTORS

11.1 Number and Qualification of Directors. The Board of Directors will be comprised of three members all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association or appointees of the Developer. The number of members of the Board of Directors may be increased after the Development Period by a majority vote of the members qualified to vote and present in person or proxy at a meeting of the members of the Association as provided in Article VIII of these Bylaws. Directors will serve without compensation.

11.2 Election of Directors.

(a) First Board of Directors. The first Board of Directors will be composed of the three persons designated in the Articles of Incorporation of the Association and such first Board of Directors or its successors as selected by the Developer will manage the affairs of the

Association until the appointment of the first nondeveloper Co-owners to the Board. Elections for nondeveloper Co-owner Directors will be held as provided in subsections (b) and (c) below.

(b) Appointment of Nondeveloper Co-owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to nondeveloper Co-owners of 13 of the Units, one of the three Directors will be selected by nondeveloper Co-owners. When the required percentage level of conveyance has been reached, the Developer will notify the nondeveloper Co-owners and request that they hold a meeting and elect the required Director. Upon certification to the Developer by the Co-owners of the Director so elected, the Developer will then immediately appoint such Director to the Board to serve until the First Annual Meeting unless he or she is removed pursuant to Section 11.7 or he or she resigns or becomes incapacitated.

(i) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to nondeveloper Co-owners of 40 of the Units, and before conveyance of 48 of such Units, the nondeveloper Co-owners will elect all Directors on the Board, except that the Developer will have the right to designate at least one Director as long as the Developer owns at least 5 of the Units. Whenever 40 of the Units have been conveyed, a meeting of Co-owners will be promptly convened to effectuate this provision, even if the First Meeting has already occurred.

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

(iii) At the First Annual Meeting two Directors will be elected for a term of two years and one Director will be elected for a term of one year. At such meeting all nominees will stand for election as one slate and the two persons receiving the highest number of votes will be elected for a term of two years and the one person receiving the next highest number of votes will be elected for a term of one year. At each annual meeting held thereafter, either one or two Directors will be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for one of the Directors elected at the First Annual Meeting) of each Director will be two years. The Directors will hold office until their successors have been elected and hold their first meeting.

(iv) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect Directors and conduct other business will be held in accordance with the provisions of Section 9.3 hereof.

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

11.4 Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors will be responsible specifically for the following:

- (a) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.
- (b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty.
- (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 must also be approved by affirmative vote of seventy-five percent (75%) of all of the members of the Association.
- (h) To make rules and regulations in accordance with Article VI, Section 10 of these Bylaws.
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.
- (j) To enforce the provisions of the Condominium Documents.

11.5 Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity

related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board will authorize, including, but not limited to, the duties listed in Sections 11.3 and 11.4, 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 performed by or have the approval of the Board of Directors or the members of the Association. In no event will the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three years or which is not terminable by the Association upon ninety (90) days written notice thereof to the other party and no such contract will violate the provisions of Section 55 of the Act.

11.6 Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association will be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer will be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected will be a Director until a successor is elected at the next annual meeting of the Association. Vacancies among nondeveloper Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by nondeveloper Co-owners and will be filled in the manner specified in Section II 2(b).

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

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

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

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

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

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

11.13 First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date will be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

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

ARTICLE XII OFFICERS

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

(a) President. The President will be the chief executive officer of the Association. He or she will preside at all meetings of the Association and of the Board of Directors. He or she will have all of the general powers and duties which are usually vested in

the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he or she may in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) **Vice President.** The Vice President will take the place of the President and perform his duties whenever the President will be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors will appoint some other member of the Board to so do on an interim basis. Also, the Vice President will also perform such other duties as will from time to time be imposed upon him or her by the Board of Directors.

(c) **Secretary.** The Secretary will keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he or she will have charge of the corporation seal, if any, and of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all duties incident to the office of the Secretary.

(d) **Treasurer.** The Treasurer will have responsibility for the Association funds and securities and will be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she will be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

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

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

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

ARTICLE XIII FINANCE

13.1 Records. The Association will keep detailed books of account showing all expenditures and receipts of administration which will specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records will be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association will prepare and distribute to each Co-owner at least once a year a financial

statement, the contents of which will be defined by the Association. The books of account will be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium will be entitled to receive a copy of such annual audited financial statement within ninety (90) days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses will be expenses of administration.

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

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

ARTICLE XIV INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and officer of the Association will be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any proceedings to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a director or officer of the Association, whether or not he or she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his or her duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein will apply only if the Board of Directors (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled, including indemnification under the Articles of Incorporation of the Association. At least ten (10) days prior to payment of any indemnification, whether under this section or under the Articles of Incorporation of the Association, the Board of Directors shall notify all Co-owners of the payment.

ARTICLE XV SEAL

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

ARTICLE XVI COMPLIANCE

The Association of Co-owners and all present or future Co-owners, tenants, or any other persons acquiring an interest in or using the facilities of the Project in any manner are subject to and will 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 Property will signify that the Condominium Documents are accepted and ratified.

ARTICLE XVII REMEDIES FOR DEFAULT

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

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

17.2 Recovery of Costs. In any proceeding arising because of an alleged default by any Co-owner, the Association, if successful, will 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 will any Co-owner be entitled to recover such attorneys' fees.

17.3 Removal and Abatement. The violation of any of the provisions of the Condominium Documents will 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, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association will have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

17.4 Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner will be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless rules and regulations establishing such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-owners in the same manner as prescribed in Section 9.5 of these Bylaws. Thereafter, fines may be assessed only

upon notice to the offending Co-owners as prescribed in said Section 9.5, and an opportunity for such Co-owner to appear before the Board no less than seven days from the date of the notice and offer evidence in defense of the alleged violation. All fines will be considered levied as part of the assessment against the Unit and Co-owner by the Association and may be collected as part of the assessment in the same manner as provided in Article II of these Bylaws. No fine will be levied for the first violation. No fine will exceed Twenty-Five Dollars (\$25.00) for the second violation, Fifty Dollars (\$50.00) for the third violation or One Hundred Dollars (\$100.00) for any subsequent violation.

17.5 Non-waiver of Right. The failure of the Association or of any Co-owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents will 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.

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

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 RIGHTS RESERVED TO DEVELOPER

18.1 Developer's Rights in Furtherance of Development of Sales. None of the restrictions contained in these Bylaws will apply to the commercial activities or signs or billboards, if any, of the Developer during the Development Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer will have the right throughout the entire Development Period to maintain a sales office, a business office, a construction office, model units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by Developer. Developer will restore the areas so utilized to habitable status upon termination of use.

18.2 Enforcement of Bylaws. The Condominium Project will at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to

maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which Developer may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer will have the right to enforce these Bylaws throughout the Development Period notwithstanding that it may no longer own a Unit in the Condominium, which right of enforcement may include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

18.3 Waivers. Notwithstanding anything to the contrary in these Bylaws, the Developer, in the sole discretion of the Developer, may waive or permit reasonable modifications of the provisions of Article VI of these Bylaws as applicable to particular Units.

18.4 Assignment and Succession. Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer will be made by appropriate instrument in writing in which the assignee or transferee will join for the purpose of evidencing its consent to the acceptance of such powers and rights and such assignee or transferee will thereupon have the same rights and powers as herein given and reserved to the Developer.

ARTICLE XIX MISCELLANEOUS PROVISIONS

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

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

19.3 Notices. Notices provided for in the Act, Master Deed or Bylaws must be in writing, and are to be addressed to the Association at 3921 Lohr Road, Ann Arbor, Michigan 48108, or to any Co-owner at the address set forth in the deed of conveyance, or at such other address as may hereinafter be provided.

The Association may designate a different address for notices to it by giving written notice of such change of address to all Co-owners. Any Co-owner may designate a different address for notices to him or her by giving written notice to the Association. Notices addressed as above will be deemed delivered when mailed by United States mail with postage prepaid, or when delivered in person.

19.4 Amendment. These Bylaws may be amended, altered, changed, added to or repealed only in the manner set forth in Article XI of the Master Deed.

19.5 Conflicting Provisions. In the event of a conflict between the provisions of the Act (or other laws of the State of Michigan) and any Condominium Document, the Act (or other laws of the State of Michigan) will govern; in the event of any conflict between the provisions of any one or more Condominium Documents, the following order of priority will prevail and the provisions of the Condominium Document having the highest priority will govern:

- (1) the Master Deed, including the Condominium Subdivision Plan but excluding these Bylaws;
- (2) these Bylaws;
- (3) the Articles of Incorporation of the Association; and
- (4) the Rules and Regulations of the Association.

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