

**BYLAWS OF
LIBERTY SQUARE CONDOMINIUMS ASSOCIATION**

**EXHIBIT A
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**BYLAWS OF
LIBERTY SQUARE CONDOMINIUMS**

**ARTICLE I
ASSOCIATION OF CO-OWNERS**

Liberty Square Condominiums, a residential Condominium Project, located in the Township of Brownstown, County of Wayne, State of Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan and responsible for the management, maintenance, operations and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and laws of the State of Michigan.

These Bylaws shall constitute both the Condominium Bylaws referred to in the Master Deed and required by Section 3(8) of the Michigan Condominium Act (hereinafter the "Act") and the Association Bylaws provided for under the Michigan Non-Profit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit.

The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

**ARTICLE II
ASSESSMENTS**

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

Section 1. Assessments For Common Elements.

All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of any portion of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the co-owners against liabilities or losses arising within, caused by, or connected with the

Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 2. Determination Of Assessments.

Assessments shall be determined in accordance with the following provisions:

- A. **Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including 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 shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget on a non-cumulative basis.

Since the minimum standard required by this sub-paragraph may prove to be inadequate for this particular Project, the Association of co-owners shall 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 from time-to-time.

Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each co-owner and the assessment for said year shall be established based upon said budget, although the delivery of a copy of the budget to each co-owner shall not affect or in any way diminish the liability of any co-owner for an 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 \$1,000 annually for the entire Condominium Project; or (4) in the event of emergencies, the Board of Directors shall have the authority without co-owner consent, to

increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary.

The Board of Directors shall also have the authority, without co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 4 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this sub-paragraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

- B. Special Assessments.** Special assessments, in addition to those required in sub-paragraph (A) above, may be made by the Board of Directors from time-to-time and approved by the co-owners as hereinafter provided to meet other needs or requirements of the Association, including but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$1,000 for the entire Condominium Project per year; (2) assessments to purchase a Unit upon foreclosure of the lien for assessment described in Section 5 hereof; (3) assessments to purchase a Unit for use as a resident manager's Unit; or (4) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this sub-paragraph (B), (but not including those assessments referred to in sub-paragraph 2(A) above, which shall be levied in the sole discretion of the Board of Directors), shall not be levied without the prior approval of more than sixty-six and $\frac{2}{3}$ (66 $\frac{2}{3}$ %) percent of all co-owners in number and in value. The authority to levy assessments pursuant to this sub-paragraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof.

Section 3. Apportionment Of Assessments And Penalty For Default.

Unless otherwise provided herein or in the Master Deed, all assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners in accordance with the percentage of value allocated to each Unit in Article VI of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article II, Section 2(A) above shall be payable by co-owners in twelve (12) equal monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an

assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Each installment in default for ten (10) or more days may bear interest from the initial due date thereof at the rate of seven (7%) percent per annum until each installment is paid in full.

The Association may, pursuant to Article XIX, Section 4 hereof, levy fines for such late payment in addition to such interest. Each co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such co-owner is the owner thereof. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver Of Use Or Abandonment Of Unit.

No co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 5. Enforcement.

- A. **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments and associated costs by a suit at law for a money judgment or by foreclosure of a statutory lien which, upon the default of a co-owner, will attach to the related Unit to secure payment of assessments. In the event of default by any co-owner in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of 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 shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association or hold the position of director or officer so long as such default continues, provided, however, this provision shall not operate to deprive any co-owner of ingress or egress to and from his Unit.

In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any aperson claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the

provisions of Article XIX, Section 4 of these bylaws. All of these remedies shall be cumulative and not alternative.

- B. Foreclosure Proceedings.** Each co-owner, and every other person who from time-to-time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time-to-time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each co-owner, and every other person who from time-to-time has any interest in the Project, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law.

Each co-owner of a Unit in the Project acknowledges that, at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for non-payment of assessments and costs 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 shall be commenced, nor shall any notice of foreclosure by advertisement be published until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent co-owner(s) at this or their last known address provided to the Association, of a written notice that one or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the statutory and other authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments); (4) the legal description of the subject Unit(s); and (5) the name(s) of the co-owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the County in which the Project is located prior to commencement

of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid.

If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent co-owner and shall inform him that he 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' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the co-owner in default and shall be secured by the lien on his Unit.

Section 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 or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the 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 reallocation of such assessments or charges to all Units including the mortgaged Unit).

Section 7. Developer's Responsibility For Assessments.

During the period up to the time of the First Annual meeting of Members held in accordance with the provisions of Article IX, Section 2 hereof, the Developer of the Condominium, although a member of the Association, shall not be responsible for payment of the monthly Association assessment (except with respect to occupied Units that it owns). Developer, however, shall, during the period up to the First Annual Meeting of Members, pay a proportionate share of the Association's actual current expenses of administration relating to maintenance and use of the Units in the Project, based upon the ratio of completed Units owned by Developer at the time the expense is incurred to the total number of completed Units then in the Condominium.

Developer shall also, at all times before and after the First Annual Meeting of Members, maintain, at its own expense, any incomplete Units owned by it. In no event shall Developer be responsible for payment, until after said First Annual Meeting of Members, of any assessments for deferred maintenance, reserves for replacement for capital improvements or other special assessments, except with respect to occupied Units owned by it. After the First Annual Meeting

of Members, Developer shall be responsible for payment of the full monthly Association maintenance assessment for all completed Units owned by it. Except as set forth above, Developer shall not be responsible, at any time, for payment of said monthly assessment or payment of any expenses whatsoever with respect to unbuilt Units notwithstanding the fact that such unbuilt Units may have been included in the Master Deed. "Occupied Unit" shall mean a Unit used as a residence. "Completed Unit" shall mean a Unit with respect to which a certificate of occupancy has been issued by the Township of Brownstown.

Section 8. Property Taxes And Special Assessments.

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

Section 9. Personal Property Tax Assessment Of Association Property.

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

Section 10. Construction Lien.

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

Section 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 shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit, shall 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

Section 1. Scope And Election.

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

Section 2. Judicial Relief.

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

ARTICLE IV INSURANCE

Section 1. Extent Of Coverage.

The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance and workers' compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements and all structures and improvements, appurtenances and fixtures associated with the Condominium Project. Such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

- A. Responsibilities Of The Association.** All such insurance shall be purchased by the Association, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners. In addition, each co-owner may obtain insurance coverage at his own expense upon his Unit.

Without limitation on the generality of the foregoing, the Association, as said attorney, shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums 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 shall be necessary or convenient to the accomplishment of the foregoing.

- B. Responsibilities of Co-Owners.** It shall be each co-owner's responsibility to determine, by personal investigation or from his own insurance advisors, the nature and extent of insurance coverage adequate to his needs and, thereafter, to obtain insurance coverage for his personal property and any additional fixtures, equipment and trim (as referred to in subsection (C) below) located within his Unit or elsewhere on the Condominium and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit, and also for alternative living expense in event of fire, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association, as to all policies which it obtains, and all co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any co-owner shall contain appropriate provisions whereby the insurance waives its right of subrogation as to any claims against any co-owner or the Association.
- C. Insurance On Common Elements And Fixtures.** All insurance for the Condominium Project for which the Association is responsible include a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss except in the unlikely event of total project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement.
- D. Insurance Information and Coverage.** All information in the Association's records regarding insurance coverage shall be made available to all co-owners upon request and reasonable notice during normal business hours so that co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board, at a properly constituted meeting, to change the nature and extent of any

applicable coverages, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all co-owners of the nature and extent of all changes in coverages. Such coverage shall also include interior walls within any Unit and the pipes, wire, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accord with the plans and specifications thereof as are on file with the Township of Brownstown (or such replacements thereof as do not exceed the cost of such standard items).

It shall be each co-owner's responsibility to determine the necessity for any additional insurance coverage for fixtures, equipment, trim and other items or attachments within the Unit or any Limited Common Elements appurtenant thereto which were installed in addition to said standard items (or as replacements for such standard items to the extent that replacement cost exceeded the original cost of such standard items) whether installed originally by the Developer or subsequently by the co-owner, and the Association shall have no responsibility whatsoever for obtaining such coverage unless agreed specifically and separately between the Association and co-owner in writing.

- E. **Premium Expenses.** All premiums upon insurance, purchased by the Association pursuant to these Bylaws, shall be expenses of administration.
- F. **Proceeds Of Insurance Policies.** Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall first be applied for such repair or reconstruction.

Section 2. Authority Of Association To Settle Insurance Claims.

Each co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workers' compensation insurance, if applicable, pertinent to the Condominium Project, his Unit and the Common Elements appurtenant thereto, with such insurer as may, from time-to-time, provide such insurance for the Condominium Project.

**ARTICLE V
RECONSTRUCTION OR REPAIR**

Section 1. Determination To Reconstruct Or Repair.

If any part of the Condominium Premises shall be damaged or destroyed, it shall be reconstructed or repaired.

Section 2. Repair In Accordance With Plans And Specifications.

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

Section 3. Co-owner Responsibility For Repair.

A. **Definition Of Co-owner Responsibility.** If by the gross negligence or malicious act of a co-owner, his agents, guests or invitees, there is damage caused to only a part of a Unit, it shall be the responsibility of the Co-Owner to repair such damage. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

B. **Damage To Interior Of Unit.** Each co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures and all appliances, whether free-standing or built-in. In the event damage to interior walls within a co-owner's Unit, or to pipes, wires, conduits, ducts or other common Elements therein, or to any fixtures, equipment and trim which are standard items within a Unit is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 4 of this Article V.

If any other interior portion of a Unit is covered by insurance held by the Association for the benefit of the co-owner, the co-owner shall be entitled to receive the proceeds of insurance relative hereto, and if there is a mortgagee endorsement, the proceeds shall be payable to the co-owner and the mortgagee jointly. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 4. Association Responsibility For Repair.

Except as provided in Section 3 hereof, the Association shall 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 shall 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 costs thereof are insufficient, assessments shall be made against all co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 5. Timely Reconstruction And Repair.

If damage to Common Elements or a Unit adversely affects the appearance of the Project, the Association or co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property without delay, and shall complete such repair or replacement within six (6) months (or such additional time required due to acts of God, strikes or severe weather conditions) after the date of the occurrence which caused damage to the property.

Section 6. Eminent Domain.

Section 133 of the Act and the following provisions shall control upon any taking by eminent domain:

- A. **Taking Of Unit.** In the event of any taking of an entire Unit by eminent domain, the award for such taking shall 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 mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any co-owner whose Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the co-owner and his 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 shall be paid to the Association which shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

- C. Continuation Of Condominium After Taking.** In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be re-surveyed and the Master Deed amended accordingly; and, if any Unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the Percentages of Value of the remaining co-owners based upon the continuing value of the Condominium of one hundred (100%) percent. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any co-owner.
- D. Notification Of Mortgagees.** In the event any Unit in the Condominium, or any portion thereof, or the Common Elements, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 7. Priority Of Mortgagee Interests.

Nothing contained in the Condominium Documents shall 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 shall be held, used and enjoyed subject to the following limitations and restrictions.

Section 1. Residential Use.

No Unit in the Condominium shall be used for other than single family residence purposes and the Common Elements shall be used only for purposes consistent with the use of single family residences.

Section 2. Leasing And Rental.

- A. Right To Lease.** A co-owner may lease his Unit for the same purposes set forth in Section 1 of this Article VI, provided that written disclosure of such lease transaction is submitted to the Board of Directors of the

Association in the manner specified in sub-section (B) below. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy, except under a lease, the initial term of which is at least six (6) months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion.

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

- (1) A co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee of the Unit and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each co-owner in writing.
- (2) Tenants or non-co-owner occupants shall comply with all of the conditions of the Condominium Documents of the Condominium Project and all leases and rental agreements shall so state.
- (3) A co-owner shall provide the Association with a copy of the executed lease together with an address that shall constitute the location to which all notices to that co-owner shall be deemed to have been perfected.
- (4) If the Association determines that the tenant or non-co-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:
 - (a) The Association shall notify the co-owner by certified mail advising of the alleged violation by the tenant.
 - (b) The co-owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by

the tenant or advise the Association that a violation has not occurred.

- (c) 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, whether or not 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 occupant for breach of the conditions of the Condominium Documents or lease.

The relief provided for in this sub-paragraph may be by summary proceeding. 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.

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

Section 3. Alterations And Modifications.

A co-owner shall not make alterations in exterior appearance or make structural modifications to his Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements, Limited or General, without the express advance written approval of the Board of Directors, including without limitation exterior painting or the erection of antennas, satellite dishes or similar instrumentation, lights, aerials, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards or other exterior attachments or modifications. No co-owner shall, in any way, restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves, or any other element that must be accessible to service the common Elements or any element which affects an Association responsibility in any way.

Should access to any facilities of any so be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for

repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access. Nothing contained therein shall prohibit a co-owner from displaying a single United States flag of a size not greater than three (3') feet by five (5') feet on the exterior front portion of the co-owner's Unit.

A Co-owner may construct a patio/deck at the rear of his Unit, provided however, such construction is in compliance with the design, material and construction requirements set forth in Attachment I hereof, provided, there is reserved to Developer or the Association the right to modify or change said requirements upon thirty (30) days notice to all co-owners.

Section 4. Activities.

No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, Limited or General; nor shall anything be done which may be or become an annoyance or a nuisance to the co-owners of the Condominiums. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time. Barbecuing, picnicking, or other similar activities in front of the buildings are prohibited; the Association reserves the right to designate an area on the Condominium Premises for such purposes. No co-owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association and each co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 5. Pets.

No animals, including household pets, shall be maintained by any co-owner unless specifically approved in advance, in writing, by the Association. In any event, Association approval may be given for not more than one (1) household pet per Unit. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall, at all times, be leashed and attended by some responsible person while on the Common Elements, Limited or General.

No savage or dangerous animal shall be kept and any co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of

the presence of such animal on the premises, whether or not the Association has given its permission therefor.

Each co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such co-owner. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements.

The Association may charge all co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium.

The Association may, without liability to the owner thereof, remove or cause to be removed, any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall 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. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations.

Section 6. Aesthetics.

The Common Elements, Limited or General, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage. No unsightly condition shall be maintained on any patio or balcony and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use.

Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by a co-owner, either in his Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium. All curtains and drapes visible from the exterior of any Unit shall be made of or lined with material which is white, off-white or beige in color.

Section 7. Vehicles.

No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation use, may be parked or stored upon the premises of the Condominium, unless parked in an area specifically designated therefor by the Association. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently.

Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided), unless while making deliveries or pickups in the normal course of business. Use of motorized vehicles anywhere on the Condominium Premises, other than passenger cars, permitted vehicles, authorized service or maintenance vehicles and commercial vehicles as provided in this Section 7, is absolutely prohibited. Overnight parking on any street in the Condominium is prohibited except as the Association may make reasonable exceptions thereto from time-to-time.

A co-owner may not have more than one guest vehicle parked overnight on the Common Elements unless approved in writing in advance by the Association. If the Association deems it necessary to alleviate any parking shortage arising from maintenance of more than two (2) cars by a number of co-owners, the Association may temporarily or permanently prohibit the maintenance of more than two (2) cars by a co-owner or may construct additional parking facilities and assess those co-owners maintaining more than two (2) cars for the expense of such construction and use. Co-owner shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises.

Section 8. Advertising.

No signs or other advertising of any kind shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs, without advance written permission from the Association and, during the Construction and Sales Period, from the Developer.

Section 9. Rules And Regulations.

It is intended that the Board of Directors of the Association may make rules and regulations from time-to-time to reflect the needs and desires of the majority of the co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time-to-time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all co-owners.

Section 10. Right Of Access Of Association.

The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time-to-time, during reasonable working hours, upon notice to the co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each co-owner to provide the Association means of access to his Unit and any Limited Common Elements appurtenant thereto during all periods of absence and, in the event of the failure to such co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

Section 11. Landscaping.

No co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements without the prior written approval of the Association.

Section 12. Common Element Maintenance.

Sidewalks, yards, landscaped areas, driveways, roads and parking areas shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements during night time hours.

Section 13. Co-owner Maintenance.

Each co-owner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, storm sewer and retention pond, gas, plumbing, electrical or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may effect any other Unit. Each co-owner shall be responsible for damage or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible co-owner shall bear the expense to the extent of the deductible amount). Any costs

or damages to the Association may be assessed to and collected from the responsible co-owner in the manner provided in Article II hereof.

Section 14. Reserved Rights Of Developer.

- A. Prior Approval By Developer.** During the Construction and Sales Period all design, development and construction rights and authority shall be exclusively vested in Developer. Interior alterations by a co-owner which do not affect structural elements of any Unit are permitted. The purpose of this Section is to assure continuity in the design, development, construction and maintenance of the Condominium as a beautiful and harmonious residential development and shall be binding upon both the Association and upon all co-owners.
- B. Developer's Rights In Furtherance Of Development And Sales.** Developer shall have the right to maintain a sales office, a business office, a construction office, model unit, 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, and may continue to do so during the entire Construction and Sales Period, or for so long as Developer continues to construct or proposes to construct additional residential Units or owns or holds an option or other enforceable interest in land for residential development within one mile of the Condominium Premises. Developer shall restore the areas so utilized to habitable status upon termination of use. Further, Developer may rent any number of the Units for such period or periods that it deems appropriate in its sole discretion.
- C. Enforcement Of Bylaws.** The Condominium Project shall, at all times, be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the co-owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Construction and Sales 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.

- D. **Legal Claims.** In the event a co-owner desires to assert a cause of action against Developer in a court of competent jurisdiction for a sum in excess of Five-Thousand (\$5,000.00) Dollars, a majority vote of all voting Units is required. Otherwise, all claims must be submitted to arbitration before the American Arbitration Association whose decision shall be binding and which decision may be submitted for entry of judgment in a court of competent jurisdiction.

ARTICLE VII MORTGAGES

Section 1. Notice To Association.

Any co-owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of mortgagee of any such Unit, report any unpaid assessments due from the co-owner of such Unit.

Section 2. Insurance.

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

Section 3. Notification Of Meetings.

Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

ARTICLE VIII VOTING

Section 1. Vote.

Except as limited in these Bylaws, each Condominium Unit shall be entitled to one vote for for all voting purposes.

Section 2. Eligibility To Vote.

No co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no co-owner

other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of Members held in accordance with Section 2 of Article IX. The vote of each co-owner may be cast only by the individual representative designated by such co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative.

The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of Members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time-to-time during such period. At and after the First Annual Meeting, the Developer shall be entitled to vote for each Unit which it owns.

Section 3. Designation Of Voting Representative.

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

Section 4. Quorum.

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

Section 5. Voting.

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

Section 6. Majority.

A majority, except where otherwise provided herein, shall consist of more than fifty (50%) percent of the total number of Units entitled to a 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 simply majority hereinbefore set forth and may require such majority to be one or both number and value of the 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

Section 1. Place Of Meeting.

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with 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.

Section 2. First Annual Meeting.

The First Annual Meeting of Members of the Association may be convened only by the Developer and may be called at any time after more than fifty (50%) percent in number of the Units in the Liberty Square Condominium determined with reference to the recorded consolidating Master Deed have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer co-owners of seventy-five (75%) percent in number of all Units that may be created or 54 months after the first conveyance of legal or equitable title to a non-developer co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors and at least ten (10) days' written notice thereof shall be given to each co-owner.

Section 3. Annual Meetings.

Annual meetings of members of the Association shall be held on such date during February of each succeeding year after the year in which the First Annual Meeting is held at such date, time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings, there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The co-owners may also

transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings.

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

Section 5. Notice Of Meetings.

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

Section 6. Adjournment.

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

Section 7. Order Of Business.

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

Section 8.

Action Without Meeting.

Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify: (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting, and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9.

Consent Of Absentees.

The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum 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 of notice or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10.

Minutes, Presumption Of Notice.

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

ARTICLE X ADVISORY COMMITTEE

Within one (1) year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of one-third (1/3) of the total number of Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-developer co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that, if more than fifty (50%) percent in number and in value of the non-developer co-owners petition the Board of Directors for an election to select the Advisory

Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the non-developer co-owners and to aid the transition of control of the Association from the Developer to purchaser co-owners. The Advisory Committee shall cease to exist automatically when the non-developer co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace, at its discretion at any time, any member of the Advisory Committee who has not been elected thereto by the co-owners.

ARTICLE XI BOARD OF DIRECTORS

Section 1. Number And Qualification Of Directors.

The Board of Directors shall be comprised of three (3) members, all of whom must be members of the Association or officers, or trustees of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

- A. **First Board Of Directors.** The first Board of Directors shall be composed of three (3) persons and such first Board of Directors or its successors as selected by the Developer shall manage the affairs of the Association until the appointment of the first non-developer co-owners to the Board. Elections for non-developer co-owner Directors shall be held as provided in subsections (B) and (C) below. The Directors shall hold office until their successors are elected and hold their first meeting.
- B. **Appointment Of Non-developer Co-owners To Board Prior To First Annual Meeting.** Not later than 120 days after conveyance of legal or equitable title to non-developer co-owners of twenty-five (25%) percent in number of the Units that may be created, one of the three Directors shall be selected by non-developer co-owners. When the required percentage level of conveyance has been reached, the Developer shall notify the non-developer co-owners and request that they hold a meeting and elect the required Director. Upon certification by the co-owners to the Developer of the Director or Directors so elected, the Developer shall then immediately appoint such Director or Directors to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

C. Election Of Directors At And After First Annual Meeting.

- (1) Not later than 120 days after the conveyance of legal or equitable title to non-developer co-owners of seventy-five (75%) percent in number of the Units that may be created, the non-developer co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least one (1) Director as long as the Units that remain to be created and sold equal at least ten (10%) percent of all Units that may be created in the Project. Whenever the seventy-five (75%) percent conveyance level is achieved, a meeting of co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.
- (2) Regardless of the percentage of Units which have been conveyed, upon the elapse of 54 months after the first conveyance of legal or equitable title to a non-developer co-owner of a Unit in the Project, the non-developer co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.
- (3) If the calculation of the percentage of members of the Board of Directors that the non-developer co-owners have the right to elect under subsection (2), or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer co-owners under subsection (B) results in a right of non-developer co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer co-owner have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one member as provided in subsection (1).

- (4) At the First Annual Meeting, one Director shall be elected for a term of two (2) years and one Director shall be elected for a term of one (1) year. Developer's appointee shall serve for a term of two (2) years. At such meeting, all nominees shall stand for election as one slate and the two persons receiving the highest number of votes shall be elected for a term of one (1) years. At each annual meeting held thereafter, either one or two Directors shall 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 shall be two years. The Directors shall hold office until their successors have been elected and hold their first meeting.
- (5) 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 shall be held in accordance with the provisions of Article IX, Section 3 hereof.

Section 3. Powers And Duties.

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

Section 4. Other Duties.

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

- A. To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.
- B. To 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 business of the Association, and to secure the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of seventy-five (75%) percent of all of the members of the Association in number and in value.
- H. To make rules and regulations in accordance with Article VI, Section 9 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.

Section 5. Management Agent.

The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. All fees and charges associated with the professional management agent are included in the expenses of administration of the Condominium Project. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or building, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon 90 days' written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act.

Section 6. Vacancies.

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

Section 7. Removal.

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

Section 8. First Meeting.

The first meeting of a newly elected Board of Directors shall be held within twenty (20) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting providing a majority of the whole Board shall be present.

Section 9. Regular Meetings.

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

Section 10. Special Meetings.

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

Section 11. Waiver Of Notice.

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

Section 12. Quorum.

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

Section 13. First Board Of Directors.

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

Section 14. Fidelity Bonds.

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

ARTICLE XII OFFICERS

Section 1. Officers.

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

- A. **President.** The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time-to-time as he may, in his discretion, deem appropriate to assist in the conduct of the affairs of the Association.

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

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

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

Section 2. Election.

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

Section 3. Removal.

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

Section 4. Duties.

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

**ARTICLE XIII
SEAL**

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

**ARTICLE XIV
FINANCE**

Section 1. Records.

The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the co-owners. Such accounts and all other Association records shall be open for inspection by the co-owners. Such accounts and all other Association records shall be open for inspection by the co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be compiled and reviewed 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 shall be entitled to receive a copy of such annual financial statement within 90 days following the end of the Association's fiscal year upon request

therefor. The costs of any such financial statement, compilation, review or other accounting expenses shall be expenses of administration of the Association.

Section 2. Fiscal Year.

The fiscal year of the Association shall be calendar year.

Section 3. Bank.

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

**ARTICLE XV
INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with and proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of wilful or wanted misconduct or gross negligence in the performance of his duties, provided that, in the event of any claim for reimbursement or indemnification hereunder, based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all co-owners thereof. Further, the Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers and directors of the Association in such amounts as it shall deem appropriate.

**ARTICLE XVI
AMENDMENTS**

Section 1. Proposal.

Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by one-third (1/3) or more in number of the co-owners by instrument in writing signed by them.

Section 2. Meeting.

Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. Voting.

These Bylaws may be amended by the co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than sixty-six and two-thirds (66 2/3%) percent of all Units entitled to vote.

Section 4. By Developer.

Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the right of a co-owner or mortgagee.

Section 5. When Effective.

Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Wayne County Register of Deeds.

Section 6. Binding Effect.

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

**ARTICLE XVII
COMPLIANCE**

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

ARTICLE XVIII DEFINITIONS

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

ARTICLE XIX REMEDIES FOR DEFAULT

A default by a co-owner shall entitle the Association or another co-owner or co-owners to the following relief.

Section 1. Legal Action.

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

Section 2. Recovery Of Costs.

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

Section 3. Removal And Abatement.

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

Section 4. Assessment Of Fines.

The violation of any of the provisions of the Condominium Documents by any co-owner shall be grounds for assessment by the Association against that co-owner and his Condominium Unit, 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 Article IX, Section 5 of the Bylaws.

Thereafter, fines may be assessed only upon notice to the offending co-owners as prescribed in said Article IX, Section 5, and an opportunity for such co-owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation.

Upon appearance by the co-owner before the Board and presentation of evidence of defense or, in the event of the co-owner's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final. All fines duly assessed may be collected in the same manner as provided in Article II of these Bylaws. No fine shall be levied for the first violation. No fine shall exceed \$25 for the second violation, \$50 for the third violation, or \$100 for any subsequent violation.

Section 5. Non-waiver Of Right.

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

Section 6. Cumulative Rights, Remedies And Privileges.

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

Section 7. Enforcement Of Provisions Of Condominium Documents.

A co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A co-owner may maintain an action against any other co-owner for injunctive relief or for damages or any combination thereof for non-compliance with the terms and provisions of the condominium Documents or the Act.

**ARTICLE XX
RIGHTS RESERVED TO DEVELOPER**

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any

act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to the acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or retained by Developer or its successors shall expire and terminate, if not sooner assigned to the Association, at the conclusion of the Construction and Sales Period as defined in Article III of the Master Deed.

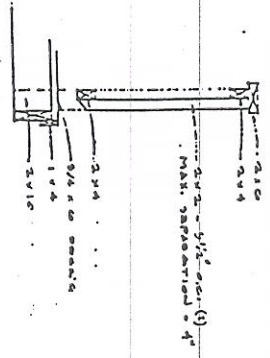
The immediately preceding sentence dealing with expiration and termination of certain rights and powers granted or reserved to the Developer is intended to apply insofar as the Developer is concerned, only to Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XXI SEVERABILITY

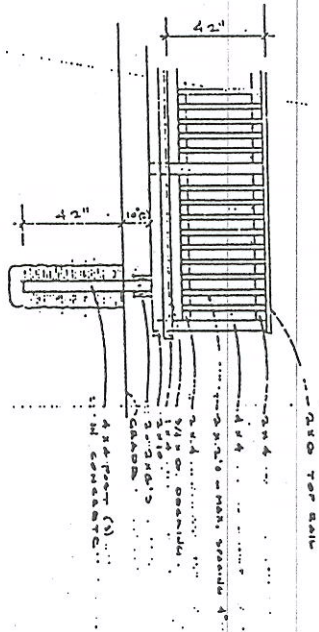
In the event that any of the terms, provisions or covenants of these Bylaws or the Condominium Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions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

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June 9, 1998

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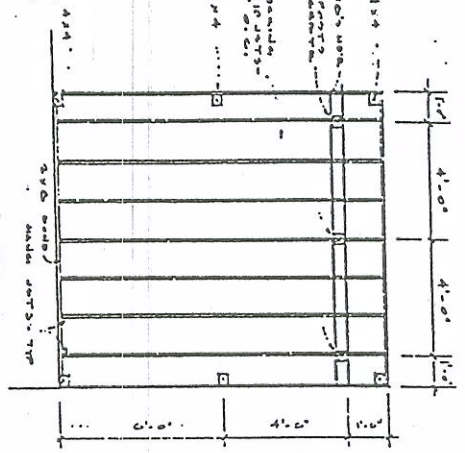
DECK ELEVATION / SECTION



SCALE 1/2" = 1'-0"

DECK FRAMING

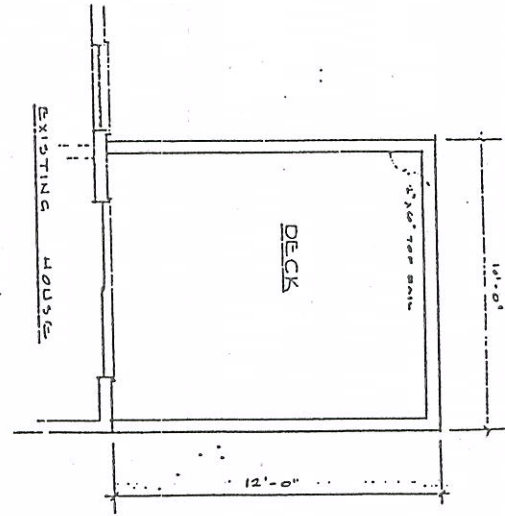
EXISTING HOUSE



ALL WOOD TO BE
TREATED

DECK PLAN

EXISTING HOUSE



ALL WOOD TO BE TREATED
MID. WRAP SPEC'S -
MID. WOOD - 3/4"
MID. RISE - 1 1/4"
MID. TREAD - 1"

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