

EXHIBIT "A"
Harrison 12

BYLAWS

ARTICLE I
ASSOCIATION OF CO-OWNERS

Harrison 12, a residential Condominium Project located in the City of Detroit, Wayne County, Michigan, shall be administered by an Association of Co-owners for the benefit of the Co-owners under the applicable laws of the State of Michigan, hereinafter called the "Association," or "Association of Co-owners" or "Condominium Association," and responsible for the management, maintenance, operation, and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act.

The Developer shall act as the administrator of the Association and as the person designated under Section 54(1) of the Act to administer the affairs of the Condominium until the conveyance all of the Units to non-Developer Co-owners. Thereafter, the Association's Board of Directors shall administer the affairs of the Condominium. The Association may at any time employ a caretaker or management company on reasonable terms to tend to the ordinary care and maintenance of the Condominium Project and the expense of such caretaker or management company shall be borne by the Co-owners as set forth in Article II.

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

ARTICLE II
ASSESSMENTS

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

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy

of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a) Budget; Regular Assessments. The Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management, and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. AN ADEQUATE RESERVE FUND FOR MAINTENANCE, REPAIRS, REMOVAL, 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 PAYMENTS AS SET FORTH IN SECTION 2(E) BELOW RATHER THAN BY SPECIAL ASSESSMENTS. AT A MINIMUM, THE RESERVE FUND SHALL BE EQUAL TO 10% OF THE ASSOCIATION'S CURRENT ANNUAL BUDGET ON A NONCUMULATIVE BASIS. SINCE THE MINIMUM STANDARD REQUIRED BY THIS SUBPARAGRAPH MAY PROVE TO BE INADEQUATE FOR THIS PARTICULAR PROJECT, THE ASSOCIATION OF CO-OWNERS SHOULD CAREFULLY ANALYZE THE CONDOMINIUM PROJECT TO DETERMINE IF A GREATER AMOUNT SHOULD BE SET ASIDE, OR IF ADDITIONAL RESERVE FUNDS SHOULD BE ESTABLISHED FOR OTHER PURPOSES FROM TIME TO TIME. Upon adoption of an annual budget by the Association, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish such lien or the liability of any Co-owner for any existing or future assessments. Should the Association at any time decide, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient (a) to pay the costs of operation and management of the Condominium, (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$5,000.00 annually for the entire Condominium Project, or (2) that an emergency exists, the Association shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Association also shall 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 Association to levy assessments pursuant to this subparagraph shall rest solely with the Association for the benefit of the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Association from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a

cost exceeding \$5,000.00 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 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 subparagraph (b) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Association) shall not be levied without the prior approval of more than 66 2/3% of all Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(c) Initial Working Capital Account. To establish an initial working capital account for the Condominium, a first purchaser of a Condominium Unit from the Developer, at the time of closing, shall pay to the Association a sum equal to three (3) monthly assessment installments, which sum shall be non-transferable and nonrefundable.

(d) Limitations on Assessments for Litigation. The board of directors shall not have authority under this Article, or any other provision of these Bylaws or the Master Deed, to levy any assessment, or to incur any expenses or legal fees with respect to any litigation, without the prior approval, by affirmative vote, of not less than 66 2/3% of all Co-Owners for actions brought by the Association. This subsection shall not apply to any litigation commenced by the Association to enforce collection of delinquent assessments pursuant to Article II, Section 5 of these Bylaws. In no event shall the Developer be liable for, nor shall any Unit owned by the Developer be subject to any lien for, any assessment levied to fund the cost of asserting any claim against the Developer, whether by arbitration, judicial proceeding, or otherwise. Nothing in this paragraph shall impact the right of the Association to defend itself in any action or claim brought against the Association.

(e) Apportionment of Assessments. Except as otherwise expressly provided in the Master Deed or these Bylaws, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with each Co-owner's proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in periodic installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means.

Section 3. Developer's Responsibility for Assessments. The Developer of the Condominium, even though a member of the Association, shall not be responsible for payment of any assessments. The Developer, however, shall pay the expenses of maintaining Units that it owns, together with a proportionate share of all current expenses of administration relative thereto which are actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units

owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall Developer be responsible for payment, of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim, or any similar or related costs.

Section 4. Penalties for Default. The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. A late charge of \$50.00 per month or such other amount as established by the Board may be assessed automatically by the Association upon each installment in default for ten or more days until paid in full. Such late charge shall not be deemed to be a penalty or interest upon the funds due to the Association but is intended to constitute a reasonable estimate of the administrative costs and other damages incurred by the Association in connection with the late payment of assessments. Assessments in default shall bear interest at the rate of seven (7%) percent per annum or such higher rate as may be allowed by law until paid in full. The Association may, pursuant to Article XIX, Section 4 and Article XX hereof, levy fines for late payment of assessments in addition to such late charge. 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 their Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. 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 attorney's 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 5. Liens for Unpaid Assessments. Sums assessed to Co-owner by the Association that remain unpaid, including but not limited to regular assessments and special assessments, together with interest on such sums, collection and late charges, advances made by the Association of Co-owners for taxes or other liens to protect its lien, attorney fees, and fines in accordance with the Condominium Documents shall constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment before other liens except tax liens on the Unit in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record except that past due assessments that are evidenced by a notice of lien, recorded as set forth in Section 108 of the Condominium Act. Any such unpaid sum shall constitute a lien against the Unit as of the first day of the fiscal year to which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Co-owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act. Upon the sale or conveyance of a Unit, all unpaid assessments, interest, late charges, fines, costs, and attorney fees against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except amount due the state, or any subdivision thereof, or any municipality for

taxes and special assessments due and unpaid on the Unit and payments due under a first mortgage having priority thereto.

Section 6. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for their contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of their Unit.

Section 7. Enforcement.

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against their 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-day 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 so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from their Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XIX, Section 4 of these Bylaws. All 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 Association is entitled to reasonable interest, expenses, costs, and attorney fees for foreclosure 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. The redemption period for a foreclosure is 6 months from the date of sale unless the property is abandoned, in which event the redemption period is 1 month from the date of sale. 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 nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit. The Co-owner of a Unit subject to foreclosure and any purchaser, grantee,

successor, or assignee of the Co-owner's interest in the Condominium Unit, is liable for assessments by the Association of the Co-owners chargeable to the Unit that become due before expiration of the period of redemption together with interest, advances made by the Association for taxes or other liens to protect its lien, costs and attorney fees incurred in their collection.

(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 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at their or their last known address, 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 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees, and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the Wayne County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform the Co-owner that they may request a judicial hearing by suing the Association.

(d) Expenses of Collection. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's 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 their Unit.

Section 8. 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. The Association may charge a fee for providing a statement as to the status of Association assessments. Upon the sale or conveyance of the Unit, all unpaid assessments, interest, late charges, fine, costs, and attorney fees against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except, amounts due the state, or any subdivision, or municipality for taxes and special assessments due and unpaid on the Unit, and payments due under a first mortgage having priority thereto. Upon the payment of the assessments and associated charges, the Association's lien for assessments as to such Unit shall be deemed satisfied. Nothing herein withstanding, the failure to collect the payment for the unpaid assessment at closing of the purchase of such Unit shall render any unpaid

assessments and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act.

Section 9. Liability of Mortgagee. The mortgagee of a first mortgage of record of a Unit shall give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, within 10 days after first publication. The mortgagee of a first mortgage of record shall give notice to the Association of its intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the date the mortgage was recorded, the amount claimed due on the mortgage on the date of the notice, and a description of the mortgaged premises that substantially conforms with the description continued in the mortgage upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address, or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, not less than 10 days before commencement of the judicial action. Failure of the mortgagee to provide notice as required shall only provide the Association with legal recourse and will not, in any event, invalidate any foreclosure proceeding between a mortgagee and mortgagor. If the mortgagee of a first mortgage of record or other purchaser obtains title to the Unit as a result of foreclosure of the first mortgage, such person, its successors, and assigns are not liable for the unpaid assessments chargeable to the Unit that become due prior to the acquisition of title to the Unit by such person except for assessments that have priority over the first mortgage under Section 108 of the Condominium Act.

Section 10. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 11. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 12. 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.

ARTICLE III ARBITRATION AND LITIGATION

Section 1. Arbitration Among or Between Co-Owners or Co-Owners and the Association.

(a) **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 out of disputes among or between Co-owners or between Co-Owners or the Association, shall be submitted to Arbitration upon the election and written consent of the parties to any such disputes, claims, or grievances and upon written notice to the Association.

(b) Arbitration. With respect to all arbitration under this Section: (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding; (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration; (iii) the period of limitations prescribed by law for the bringing of a civil action shall apply equally to the requirement or agreement to settle by arbitration; (iv) all costs of arbitration shall be allocated in the manner provided by the arbitration association; (v) the method of appointment of the arbitrator or arbitrators shall be pursuant to rules of the arbitration association; (vi) the arbitration shall proceed according to MCL 600.5001 to 600.5065 of Act No. 236 of the Public Acts of 1961, as amended, which may be supplemented by the rules of the arbitration association, and (vii) the agreement to arbitrate precludes the parties from litigating such claims in the courts.

(c) Judicial Relief. In the absence of the election and written consent of the parties to arbitrate as provided pursuant to Section 1(a) above, no Co-owner or the Association adversely affected by a violation of or failure to comply with the Act or rules promulgated under the Act, or a provision of an agreement or master deed shall be precluded from petitioning a court of competent jurisdiction to resolve any dispute, claim, or grievances.

(d) Election of Remedies. The election by the parties to submit any dispute, claim, or grievance to arbitration prohibits the parties from petitioning the courts regarding that dispute, claim, or grievance.

Section 2. Arbitration Between the Developer and Co-owner(s) and/or the Association. By purchase of a Unit, Co-owners agree as follows:

(a) Arbitration Between the Developer and Co-owner(s). With respect to any claim that might be the subject of a civil action between a purchaser, Co-owner, or person occupying a restricted Unit under Section 104b of the Act and the Developer, which claim involves an amount of Two Thousand Five Hundred Dollars (\$2,500.00) or less and arises out of or relates to the Common Elements of the Project, such claim shall be settled by arbitration at the exclusive option of the purchaser, Co-owner, or person occupying a restricted Unit under Section 104b of the Act. All other claims may be settled by arbitration upon the agreement of the parties.

(b) Arbitration Between the Developer and the Association. With respect to any claim that might be the subject of a civil action between the Association and the Developer, which claim arises out of or relates to the Common Elements of the Condominium Project, if the amount of the claim is Ten Thousand Dollars (\$10,000.00) or less such claim shall be settled by arbitration, at the exclusive option of the Association. All other claims may be settled by arbitration upon the agreement of the parties.

(c) Arbitration. With respect to all arbitration under this Section: (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding; (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from

time to time hereafter, shall be applicable to such arbitration; (iii) the period of limitations prescribed by law for the bringing of a civil action shall apply equally to the requirement or agreement to settle by arbitration; (iv) all costs of arbitration shall be allocated in the manner provided by the arbitration association; (v) the method of appointment of the arbitrator or arbitrators shall be pursuant to rules of the arbitration association; (vi) the arbitration shall proceed according to MCL 600.5001 to 600.5065 of Act No. 236 of the Public Acts of 1961, as amended, which may be supplemented by the rules of the arbitration association, and (vii) the agreement to arbitrate precludes the parties from litigating such claims in the courts.

(d) Judicial Relief. In the absence of the election and written consent of the parties to arbitrate as provided pursuant to Section 1(a) above, no Co-owner or the Association adversely affected by a violation of or failure to comply with the Act or rules promulgated under the Act, or a provision of an agreement or master deed shall be precluded from petitioning a court of competent jurisdiction to resolve any dispute, claim or grievances.

(e) Section 107 Action by Co-owners. Nothing in this Section shall, however, prohibit a co-owner from maintaining an action in court against the Association and its officers and directors to compel these persons to enforce the terms and provisions of the Condominium Documents, nor to prohibit a co-owner from maintaining an action in court against any other co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

Section 3. Litigation/Arbitration on behalf of Association. The Association's Board of Directors shall be responsible in the first instance for recommending to the members that a civil action be filed, and supervision and directing any civil actions that are filed. Actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws and in the Association's Articles of Incorporation, the Association may assert, defend, or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action or arbitration (other than one to enforce these Bylaws or to collect delinquent assessments) shall require the approval of a majority of the Co-owners and shall be governed by the requirements of this Section. The requirements of this Section will ensure that the Co-owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions filed by the Association. These requirements are imposed in order to reduce both the costs of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation through additional or special assessments where reasonable and prudent alternatives to the litigation exist. Each Co-owner shall have standing to sue to enforce the requirements of this Section. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these Bylaws or to collect delinquent assessments:

(a) Pre-Litigation/Arbitration Requirements. Before an attorney is engaged for purposes of filing a civil action (including arbitration) on behalf of the Corporation, the Board shall call a special meeting of the Co-owners (the "Litigation Evaluation Meeting") for the express purpose of evaluating the merits of the proposed civil action. The written

notice to the Co-owners shall set forth the date, time and place of the Litigation Evaluation meeting and shall be sent to all Co-owners not less than twenty (20) days before the date of the meeting and shall include the following information:

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

(b) Co-owner Litigation/Arbitration Approval. At the Litigation Evaluation Meeting the Co-owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney proposed by the Board of Directors. If the litigation attorney proposed by the Board is not retained, the litigation special assessment shall be in an amount equal to the retained attorney's estimated total costs of the civil action, as estimated by the attorney retained by the Corporation. The commencement of any civil action by the Association (other than a suit to enforce these Bylaws or collect delinquent assessments) must be approved by 66 2/3% of the Co-owners. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting.

(c) Litigation/Arbitration Assessment. All fees estimated to be incurred in pursuit of any civil action subject to paragraph (a) above shall be paid only by special assessment of the Co-owners, which special assessment must be approved at the Litigation Evaluation Meeting (or at any subsequent duly called and noticed meeting) by a majority in number and in value of all Co-owners of the Corporation in the amount of the estimated total cost of the civil action. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months. If at any time during the action, the Board of Directors determines that the approved special litigation assessment is inaccurate or requires revision, the Board of Directors shall immediately prepare a revised estimate of the total cost of litigation. If the revised estimate exceeds the litigation special assessment previously approved by the Co-owners, the Board of Directors shall call a special meeting of the Co-owners to review the status of the litigation, and to allow the Co-owners to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as the litigation evaluation meeting.

(d) Independent Expert Opinion. If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board of Directors shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the independent expert opinion required by the preceding sentence, the Board of Directors shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the litigation attorney or any other attorney with whom the Board of Directors consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the Co-owners have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all Co-owners with the written notice of the Litigation Evaluation Meeting.

(e) Litigation/Arbitration Reviews. During the course of any civil action authorized by the Co-owners, the retained attorney shall submit a written report

(“attorney’s written report”) to the Board of Directors every thirty (30) days setting forth: (i) the attorney’s fees, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the attorney’s written report (“reporting period”); (ii) All action taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period; (iii) A detailed description of all discussions with opposing counsel during the reporting period, written and oral, including, but not limited to, settlement discussions; (iv) The costs incurred in the civil action through the date of the written report, as compared to the attorney’s estimated total cost of the civil action; and (v) Whether the originally estimated total cost of the civil action remains accurate.

The Board of Directors shall meet monthly during any civil action to discuss and review: (i) the status of the litigation; (ii) the status of settlement efforts, if any; and (iii) the attorney’s written report. The Board shall make available to the Co-owner’s copies of the minutes from the litigation review meeting, together with copies of the attorney’s written reports within 30 days of each Litigation Review Meeting.

(f) Disclosure of Litigation/Arbitration Expenses. The Corporation shall have a written fee agreement with the litigation attorney and any other attorney retained to handle the proposed civil action. The Corporation shall not enter into any fee agreement that is a combination of the retained attorney’s hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the Co-owner in the text of the Corporation written notice to the Co-owners of the litigation evaluation meeting (or at any subsequent duly called and noticed meeting). The litigation expenses, including attorney’s fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association shall be fully disclosed to Co-owners in the Association’s annual budget. In addition, litigation expenses shall be made reasonably available for Co-owner review on written request of a Co-owner.

ARTICLE IV INSURANCE

Section 1. Association Coverage. The Association shall carry fire and extended coverage, vandalism and malicious mischief (the maximum deductible amount must be no greater than 5% of the face amount of the policy) and liability insurance (minimum coverage of not less than \$1,000,000.00 for a single occurrence), and workmen’s compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements of the Condominium, Fidelity Bond coverage¹ in an amount no less than a sum equal to three months aggregate assessments on all units plus reserve funds on hand, Directors and Officers Liability coverage, and

¹ Such Fidelity Bond insurance to cover all officers, directors and employees of the Association and all other persons, including any management agent, handling or responsible for any monies received by or payable to the Association (it being understood that if the management agent or others cannot be added to the Association’s coverage, they shall be responsible for obtaining the same type and amount of coverage on their own before handling any Association funds).

such other insurance as the Board of Directors deems advisable, and all such insurance shall be carried and administered in accordance with the following provisions:

(a) Respective Responsibilities. All such insurance shall be purchased by the Association for the benefit of the Association, and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. Co-owners must obtain additional insurance upon the interior of their Unit at their own expense, in addition to the coverage carried by the Association. It shall be each Co-owner's responsibility to obtain insurance coverage for the interior of the Unit (including drywall), personal property located within a Unit or elsewhere in the Condominium, fixtures, equipment and trim within a Unit, as well as for all improvements and betterments to the Unit and Limited Common Elements for which the Co-owner is assigned direct responsibility, and for personal liability and property damage for occurrences within a Unit or upon Limited Common Elements appurtenant to a Unit for which the Co-owner is directly responsible for maintaining, repairing or replacing pursuant to this Article IV of the Master Deed, and also for alternative living expense in event of fire and other casualty, and the Association shall have absolutely no responsibility for obtaining such coverages. **Co-owners are strongly advised to consult their insurance advisors to make sure they have all necessary and appropriate coverage required by this Article.** Each Co-owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may, but is not required to, obtain such insurance on behalf of such Co-owner and the premiums therefore shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. The Association and all Co-owners shall use their best efforts to obtain property and liability insurance containing appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association. The liability insurance carried by the Association shall, where appropriate, contain cross-liability endorsements to cover liability of the Co-owners as a group to another Co-owner. Any insurance policy carried by the Association shall not be cancelled or substantially modified without at least ten (10) days prior written notice to the Association and each holder of a first mortgage.

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

(2) All non-sensitive and non-confidential information in the Association's records regarding Common Element insurance coverage shall be made available to all Co-owners and mortgagees upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting, to change the nature and extent of any applicable coverages, if so determined. Upon such annual reevaluation and effectuation of coverage, the

Association shall notify all Co-owners of the nature and extent of all changes in coverage.

(b) Mandatory Coverage of Co-owner. Each Co-owner shall obtain and continuously maintain in effect at their own expense liability and property casualty insurance coverage (generally in the form of an "HO-6" or "HO-4" insurance policy, as applicable, or such other specifications as the Board of Directors may prescribe, or as may be commonly extant from time to time), which affords coverage against "all-risks" of loss due to:

(1) casualty to the Co-owner's personal property located anywhere in the Condominium; and their Unit, including, without limitation, its standard features, as well as all appliances, interior walls, electrical fixtures, heating and air conditioning equipment, wall coverings, window treatments and floor coverings; and all Limited Common Elements for which the Co-owner is responsible pursuant to Article IV of the Master Deed; and,

(2) liability for injury to property and persons occurring in the Unit or upon any Limited Common Element for the maintenance of which the Co-owner is responsible pursuant to Article IV of the Master Deed.

All such coverages shall contain a clause or endorsement that requires that the insurer mail to the Association notice of cancellation not less than ten (10) days prior to any policy cancellation. Such coverages shall be in amounts prescribed from time to time by the Board of Directors of the Association but in no event, shall coverage for the interior of the Unit and all personal property be less than the current insurable replacement value, nor shall liability coverage be on a "per occurrence" basis in an amount that is less than One Hundred Thousand Dollars (\$100,000.00) for damage to property and Five Hundred Thousand Dollars (\$500,000.00) for injury to persons. In addition, each Co-owner shall maintain "loss assessment" insurance coverage for their Unit. A "loss assessment" endorsement provides coverage for the Co-owner's share, if any of any property damage or liability loss for which there may be no coverage, or inadequate coverage, under the applicable Association insurance policy.

Each Co-owner shall also maintain "additions and betterments" insurance coverage for their Unit. Whenever used in these Bylaws, "additions and betterments" shall mean and includes all fixtures, equipment, decorative trim and furnishing that are located within the Unit or within any Limited Common Element appurtenant to the Unit, which are not a "standard feature" of the Unit.

(c) Insuring of Common Elements. All Common Elements of the Condominium and those Limited Common Elements for which the Association is assigned responsibility in Article IV of the Master Deed shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association in consultation with its appropriate professional advisors. Such coverage may also include as secondary coverage pursuant to Subparagraph E, below, interior walls within any Unit. The policy shall include a "Guaranteed Replacement Cost Endorsement" or a "Replacement Cost Endorsement" and, if the policy

also includes a coinsurance clause, an "Agreed Amount endorsement". The policy shall also include an "Inflation Guard Endorsement", if available, and a "Building Ordinance and Law Endorsement". Any other improvements made by a Co-owner within a Unit shall be covered by insurance obtained by and at the expense of said Co-owner; provided that, if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto may be assessed to and borne solely by said Co-owner and collected as part of the assessments against said Co-owner under Article II hereof.

(d) Cost of Insurance. All premiums for insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

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

(f) Determination of Primary Carrier. It is understood that there may be overlapping coverage between the Co-owners' policies and those of the Association, as required to be carried pursuant to this Article. In situations where both coverages/policies are applicable to a given loss, the provisions of this subsection shall control in determining the primary carrier. In cases of property damage to the Unit and its contents or damages to a Limited Common Element for which the Co-owner is assigned responsibility for maintenance, repair, and replacement pursuant to the provisions of Article IV of the Master Deed (including improvements and betterments), the Co-owner's policy/carrier shall be deemed to be the primary carrier. In cases of property damage to the General Common Elements or a Limited Common Element for which the Association is assigned responsibility for maintenance, repair, and replacement pursuant to the provisions of Article IV of the Master Deed the Association's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the Unit or in/upon a Limited Common Element for which the Co-owner is assigned responsibility for maintenance, repair, and replacement pursuant to the provisions of Article IV of the Master Deed (including improvements and betterments), the Co-owner's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the General Common Elements or in/upon a Limited Common Element for which the Association is assigned responsibility for maintenance, repair, and replacement pursuant to the provision of Article IV of the Master Deed (including improvements and betterments), the Association's policy/carrier shall be deemed to be the primary carrier. In all cases where the Association's policy/carrier is not deemed the primary policy/carrier, if the Association's policy/carrier contributes to payment of the loss, the Association's liability to the Co-owner shall be limited to the

amount of the insurance proceeds and shall not in any event require or result in the Association paying or being responsible for any deductible amount under the Co-owner's policies.

Section 2. Waiver of Right of Subrogation. The Association and all Co-owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Co-owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association, and their mortgagees, as a group and any other entities as may reasonably be requested as additional insureds.

Section 3. Indemnification. The Association and each individual Co-owner shall indemnify, defend and hold harmless every other Co-owner, the Developer, their agents, servants, employees, officers and directors, from and against damages and costs, including attorneys' fees, which they may suffer as a result of any claim, cause of action, suit, claim or judgment in connection with the loss of life, bodily injury and/or property damage arising out of an occurrence on or within such individual Co-owner's Unit or Limited Common Element or elsewhere on the Condominium Premises, if such occurrence is occasioned wholly or partly by the negligence of the Indemnifying Owner, its guests, invitees, agents, servants, employees, officers, directors, or contractors, to the fullest extent permitted by law. Each Co-owner and the Association shall carry insurance to secure this indemnity.

Section 4. 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 their 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 workmen's compensation insurance, if applicable, pertinent to the Condominium Project, their Unit and the Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney 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.

Section 5. Contractor Insurance. Each Co-owner that retains or engages any maintenance and alteration contractors to perform work within a Co-owners Unit or upon the Limited Common Elements is responsible to hire only maintenance and alteration contractors that are properly licensed and insured, which insurance coverage shall include coverage for damages to the Common Elements and Units within the Project resulting from the contractor's work. Each Co-owner shall be responsible for damages to the Common Elements cause by the Co-owner, their family, guests, agents, pets, contractors, or invitees, to the extent that the Association's insurance proceeds are insufficient, or such insurance proceeds do not cover the full cost of repair and/or restoration of the Common Elements. Any costs of repair or restoration related to damages to the Common Elements resulting from the negligent acts for which a Co-owner, their family, guests, agents, pets, contractors, or invitees is found to have been responsible, as determined by the Board of Directors is its sole discretion, may be charged to and collected from the Co-owner.

ARTICLE V RECONSTRUCTION OR REPAIR

Section 1. Determination to Reconstruct or Repair. If any part of the Condominium Premises shall be damaged, the determination of whether it shall be reconstructed or repaired shall be made in the following manner:

(a) **Partial Damage.** If the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenantable, unless it is determined by an affirmative vote of 80% of the Co-owners in the Condominium that the Condominium shall be terminated.

(b) **Total Destruction.** If the Condominium is so damaged that no Unit is tenantable, the damaged property shall not be rebuilt unless 80% or more of the Co-owners agree to reconstruction by vote or in writing within 90 days after the destruction.

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 the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage in accordance with subsection (b) hereof. 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 their Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, drywall, kitchen and bathroom cabinets, 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 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 thereto, 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 the occurrence of 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 place the damaged property in a condition

as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment 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. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

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 replacement within 6 months 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 their mortgagee, they shall be divested of all interest in the Condominium Project. If 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 their 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 Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% of the Co-owners 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 resurveyed 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 100%. Such amendment may be effected by an officer of the Association duly authorized by the Association 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. Notification of FHLMC and FNMA. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, upon request therefor by FHLMC, or FNMA, as the case may be, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds \$10,000.00 in amount or damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds \$1,000.00.

Section 8. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI RESTRICTIONS

All 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 residential purposes and the Common Elements shall be used only for purposes consistent with the use of residences. Timesharing and/or interval ownership is prohibited. No Co-owner shall carry on any commercial activities anywhere on the Condominium, except to the extent that such activities comply with laws governing same and which activities are permitted by applicable zoning ordinances and which are approved in writing by the Association.

Section 2. Alterations and Modifications.

(a) Prohibited Alterations. Except as otherwise provided herein, no Co-owner shall make alterations in exterior appearance or make structural modifications to their Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements without the express written approval of the Developer during the Construction and Sales Period and thereafter by the Association, including without limitation exterior painting, the erection of antennas, exterior wiring, lights, aerials, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards, or other exterior attachments or modifications. Notwithstanding the forgoing, Co-owners may improve or alter any improvements within the interior boundaries of the Unit provided such improvement or alteration does not impair the structural or acoustical integrity of any Common Element. 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 that affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing, or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

(b) Alterations for “persons with disabilities.” A Co-owner may make improvements or modifications to the Co-owner’s Unit, including improvements or modifications to Common Elements and to the route from the public way to the door of the Co-owners Unit, at their expense, if the purpose of the improvement or modification is to facilitate access to or movement within the Unit for persons with disabilities who reside in or regularly visit the Unit, or to alleviate conditions that could be hazardous to persons with disabilities who reside in or regularly visit the Unit. The improvement or modification shall not impair the structural integrity of the structure or otherwise lessen the support of a portion of the Condominium Project. The Co-owner is liable for the cost of repairing any damage to a Common Element caused by building or maintaining the improvement or modification unless the damage could reasonably be expected in the normal course of building or maintaining the improvement or modification. The improvement or modification may be made notwithstanding prohibitions and restrictions elsewhere in these Condominium documents but shall comply with all applicable state and local building code requirements and health and safety laws and ordinances and shall be made as closely as reasonably possible in conformity with the intent of applicable prohibitions and restrictions regarding safety and aesthetics of the proposed modification.

An improvement or modification allowed by this Section that affects the exterior of the Condominium Unit shall not unreasonably prevent passage by other residents of the Condominium Project. A Co-owner who has made exterior improvements or modifications allowed by this Section shall notify the Association of Co-owners in writing of the Co-owner’s intention to convey or lease their Unit to another at least 30 days before the conveyance or lease. Not more than 30 days after receiving a notice from a Co-owner under this Section, the Association may require the Co-owner to remove the improvement or modification at the Co-owner’s expense. However, the Association may not remove or require the removal of an improvement or modification if a Co-owner intends to resume residing in the Unit within 12 months or a Co-owner conveys or leases their Unit to a person with disabilities who needs the same type of improvement or modification or who has a person residing with him who requires the same type of improvement or modification.

If a Co-owner makes an exterior improvement or modification allowed under this Section, the Co-owner shall maintain liability insurance, underwritten by an insurer authorized to do business in this state and naming the Association as an additional insured, in an amount adequate to compensate for personal injuries caused by the exterior improvement or modification. The Co-owner is not liable for acts or omissions of the Association with respect to the exterior improvement or modification and is not required to maintain liability insurance with respect to any Common Element. The Association is responsible for maintenance, repair, and replacement of the improvement or modification only to the extent of the cost currently incurred by the Association of Co-owners for maintenance, replacement, and repair of the Common Elements covered or replaced by the improvement or modification. All costs of maintenance, repair, and replacement of the improvement or modification exceeding that currently incurred by the Association for maintenance, repair, and replacement of the Common Elements covered or replaced by the improvement or modification shall be assessed to and paid by the Co-owner or the Unit serviced by the improvement or modification.

Before an improvement or modification allowed by this Section is made, the Co-owner shall submit plans and specifications for the improvements or modifications to the Association for review and approval. The Association shall determine whether the proposed improvement or modification substantially conforms to the requirements of this Section and shall not deny a proposed improvement or modification without good cause. If the Association denies a proposed improvement or modification, the Association shall list, in writing, the changes needed to make the proposed improvement or modification conform to the requirements of this Section and shall deliver that list to the Co-owner. The Association shall approve or deny the proposed improvement or modification not later than 60 days after the plans and specifications are submitted by the Co-owner proposing the improvement or modification to the Association. If the Association does not approve or deny submitted plans and specifications within the 60-day period, the Co-owner may make the proposed improvement or modification without the approval of the Association. A Co-owner may bring an action against the Association and the officers and directors to compel those persons to comply with this Section if the Co-owner disagrees with a denial by the Association of Co-owners of the Co-owner's proposed improvement or modification.

As used in this Section "person with disabilities" means that term as defined in section 2 of the state construction code act of 1972, 1972 PA 230, MCL 125.1502.

Section 3. Activities. No immoral, improper, unlawful, or offensive activity shall be carried on in any Unit or upon the Common Elements nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably activity shall occur in or on the Common Elements, or in any Unit at any time, which creates an annoyance or nuisance (for example, noise, light, odors, pests, etc.) and disputes among Co-owners, arising from such annoyance or nuisance that cannot be amicably resolved, shall be arbitrated by the Association. No Co-owner shall do or permit anything to be done or keep or permit to be kept in their 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. No business activity shall be conducted on the Condominium Premises unless allowed by governmental regulations, rules, ordinances, or statute. No maintenance or repair of any vehicle, motorcycle, snowmobile, jet ski, boat, trailer, etc. is permitted anywhere in the Condominium. The Common Elements shall be used only for passive recreation and for no other purpose. Golfing, basketball, baseball, soccer, and all other active sports are prohibited. No play structures or tents shall be allowed on any Common Element. No hot tubs, Jacuzzis, waterbeds, or fish tanks over 30 gallons are permitted within Units or on any Limited or Common Element. No basketball poles are permitted on any Limited or Common Element.

Section 4. Smoking Prohibition. Due to the irritation and known health risks of exposure to second-hand smoke, increased risk of fire and increased maintenance and cleaning costs, all forms of smoking are prohibited (a) on inside/enclosed General Common Elements; and (b) on Limited Common Elements. The definition of "Smoking" shall include the inhaling, exhaling of lighted tobacco or other substances, including marijuana, or carrying of lighted tobacco or other

substances. The policy applies to all persons, including but not limited to owners, tenants, invitees, business invitees, occupants, and visitors. The term "business invitee" shall include, but is not limited to, any contractor, tradesperson, agent, household worker, or other person hired by the Co-owner, tenant or occupying resident to provide a service or product. Smoking shall be permitted on designated exterior General and/or Limited Common Element areas provided such activity is not annoyance or a nuisance to other Co-owners.

Section 5. Aesthetics. The Common Elements shall not be used for storage of supplies, materials, personal property, trash, or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. No unsightly condition shall be maintained on any entry, stairwell, courtyard, patio, balcony, or deck and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. No bug zappers, screen or glass enclosures, loudspeakers, televisions shall be used or permitted on any Common Element. 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. Vehicles may only be washed in areas approved by the Board of Directors. No solar panel, solar collector, or similar device shall be placed, constructed, altered, or maintained on any Common Element or limited common element without prior Association approval. No Co-owner shall leave personal property of any description (including by way of example and not limitation, bicycles, shoes, boots, clothing, chairs, and benches) unattended on or about the Common Elements. The portion of window treatments visible from the exterior of a Unit must be white or off-white unless otherwise approved by the Developer or the Association. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in a Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium or creates an annoyance or nuisance to other Co-owners. Use of Common Elements may be limited to such times and in such manner as the Board of Directors shall determine by duly adopted regulations.

Section 6. Common Landscaped or Greenspace Areas. No Co-owner shall make any structural alterations or improvements of any kind to the common landscaped or greenspace areas without the prior express written approval of the Developer during the Construction and Sales Period and thereafter by the Association, including without limitation painting, erection of antennas, lights, enclosures, awnings, tents, umbrellas, ponds, water gardens, plantings, trees, shrubs, or other exterior attachments or modifications. Nothing shall be done within the common landscaped or greenspace areas area which may be or may become a serious annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of other Co-owners, including but not limited to excessive noise, light, or smoke. Use of the common landscaped or greenspace areas shall be subject to duly adopted rules and regulations established by the Association's Board of Directors.

Section 7. Backyards, Balconies, Porches and Roof Decks. No annoying lights, sounds, or odors shall be emitted from any Unit, Backyard, Balcony, Porch, or Roof Deck which is unreasonably bright or causes unreasonable glare, and no sound or odor shall be emitted from any portion of any Unit or General or Limited Common Element, including Backyard, Balcony, Porch,

or Roof Deck that would reasonably be found by others to be noxious or offensive. Without limiting the generality of the foregoing, no exterior spotlights, searchlights, speakers, TV's, stereos, horns, whistles, bells, chimes, motors, tools, or other light or sound emitting devices shall be located or used on any portion of the exterior of the Unit, including any Backyard, Balcony, Porch, or Roof Deck, except with the prior approval of the Association. The Association shall not be responsible for damage, theft or other loss of items stored within or on any Backyard, Balcony, Porch, or Roof Deck. Backyards, Balconies, Porches and Roof Decks are to be kept clean and tidy and shall not be used for overnight, living quarters or housing for pets. Backyards, Balconies, Porches, or Roof Decks are to be used for their intended purposes only and are not to be used for storage (except on a temporary basis) or for any other purposes, nor converted to habitable living space, unless specifically authorized by the Association in writing. Nothing that may attract rodents shall be stored within or on any Backyard, Balcony, Porch or Roof Deck. Any landscaping placed within any Backyard, Balcony, Porch or Roof Deck shall not exceed 10 feet in height.

Section 8. Antennas, Cable Television Dish. No radio, television or other communication antennas or satellite dish of any type shall be installed on the General Common Elements or that is visible from the street or sidewalk in front of the residential structure. Co-owners may install any antenna designed to receive direct broadcast satellite service, including direct-to-home satellite services, that is one meter or less in diameter; or, an antenna designed to receive video programming services via multipoint distribution services, including multichannel, multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or an antenna that is designed to receive television broadcast signals that is one meter or less in diameter or diagonal measurement. The Board of Directors has the further reserved power to make reasonable modifications to the restriction of this paragraph to accommodate the use of technological innovations in the telecommunications field so long as it determines that the changes benefit the Condominium. This Section is intended to comply with the rules governing antennas adopted by the FCC effective October 14, 1996, and FCC Orders released September 25, 1998 and November 20, 1998 and is subject to review and revision to conform to any changes in the content of the FCC rules or the Telecommunications Act of 1996, as amended.

Section 9. Signs and Advertising. No signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs, during the Construction and Sales Period, and, subsequent thereto, only with prior written permission from the Association.

Section 10. Barbecues. No charcoal or propane grills/barbecues, or other cooking devices may be used on any General or Limited Common Elements, including Porches, Balconies, or Roof Decks. Propane grills/barbecues may be used within Backyards provided such use is not found by others to be noxious or offensive and must be attended at all times when in use.

Section 11. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, all-terrain vehicles, snowmobiles, snowmobile trailers or other vehicles, other than vehicles used primarily for general personal transportation purposes, may be parked, or stored upon the premises of the Condominium. Automobiles and vehicles used primarily for general personal transportation shall be parked in the assigned Limited Common Element Garage or assigned Limited Common Element Driveway or parked upon a public street pursuant to City ordinance, unless specifically authorized by the Association in writing. No inoperable vehicles of

any type may be brought or stored upon the premises of the Condominium either temporarily or permanently without the written permission of the Association. Commercial vehicles and trucks shall not be parked on or about the Condominium unless making deliveries or pickups in the normal course of business. Garages and Driveways are to be used for parking only and are not to be used for storage (except on a temporary basis) or for any other purposes, nor converted to habitable living space, unless specifically authorized by the Association in writing. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises and the Association may issue a parking permit to all authorized vehicles which permit shall be displayed in the authorized vehicle window. Nothing herein contained shall be construed to require the Association to approve the parking or storage of such vehicles or to designate an area, therefore. Use of motorized vehicles anywhere on the Condominium Premises, other than vehicles used primarily for general personal transportation, authorized maintenance vehicles and commercial vehicles as provided in this Section, is absolutely prohibited. No Co-owner shall maintain any vehicles upon the premises more than the number of parking spaces assigned to the Co-owner unless the Board of Directors specifically approves in writing otherwise. No vehicle shall obstruct the ingress or egress of other vehicles into or out of Garages or Driveways. The Association may cause vehicles parked or stored in violation of this Section to be removed from the Condominium Premises and the cost of such removal may be assessed to and collected from the Co-owner of the Unit responsible for the presence of the vehicle in the manner provided in Article II hereof without liability to the Association. Bicycles, skateboards, and other non-vehicular motorized or non-motorized modes of transportation shall not be left on any Common Element. No washing of vehicles shall be permitted on or about the Project whether on the General or Limited Common Elements. Assigned Garages and Driveways shall be maintained by the Unit Co-owner, including trash, refuse, and snow and ice removal.

Section 12. Pets. No animals, including household pets, shall be maintained by any Co-owner unless specifically approved in writing by the Association, except that a Co-owner may maintain not more than two (2) domesticated pets (cats or dogs) in their Condominium Unit. No animal may be kept or bred for any commercial purpose. All animals 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 all animals shall always be leashed and attended in person by a responsible person while on the General Common Elements. The Board of Directors may, in its discretion, designate certain portions of the General Common Elements of the Project wherein such animals may be walked and/or exercised, and the Board of Directors may, in its discretion, designate certain portions of the General Common Elements of the Condominium wherein a dog run may be constructed. Nothing herein contained shall be construed to require the Board of Directors to so designate a portion of the General Common Elements for the walking and/or exercising of animals and/or for the construction of a dog run. 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 (including costs and actual attorney fees) which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor, and the Association may assess and collect from the responsible Co-owner such losses and/or damages in the manner provided in Article II hereof. 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 or other animal which

barks, or which can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. If the Association determines an assessment is necessary to defray the maintenance cost of the Association of accommodating animals within the Condominium, 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. 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. The Association may, after notice and hearing, 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 or by any applicable rules and regulations of the Association, although such hearing shall not be a condition precedent to the institution of legal proceedings to remove said animal. The Association may also assess fines for such violation of the restrictions imposed by this Section or by any applicable rules and regulations of the Association.

Section 13. Leasing and Rental. A Co-owner may lease their Unit for the same purposes set forth in Section 1 of this Article V.

(a) **Lease Term.** Except for 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 the entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease with an initial term that is at least six months in length unless specifically approve by the Association in writing.

(b) **Lease Approval.** A Co-owner (not including the Developer), desiring to rent or lease a Unit, shall disclose that fact in writing to the Association, requesting approval from the Association for the Unit to be leased. Within ten days of receipt of such request, the Association shall review the request and approve or deny the right to lease.

(c) **Leasing Procedure.**

i. A Co-owner that has received written approval from the Association to lease a Unit, must supply the Association with a copy of the exact lease form for its review for compliance with the Condominium Documents at least ten days before presenting a lease to a potential lessee. 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.

ii. A Co-owner that has received written approval from the Association to lease a Unit, must comply with rental registration, inspections, and approvals, if any, required by the City of Detroit and provide the Association with a copy of the registration and certificate of compliance, if any.

iii. If the Association determines that the tenant or non-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 in writing of the alleged violation of the tenant.

b. The Co-owner shall have 10 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 10 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, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph 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 Project.

iv. 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.

(d) Exceptions. The terms of this Section shall not apply to restrict the rental/lease of Units owned by the Developer, Association, or an institutional Mortgagee in possession of a Unit because of foreclosure, judicial sale, power of sale or a proceeding in lieu of foreclosure. In addition, a Unit shall not be deemed to be leased for the purposes of this Section, if the Unit is occupied solely by the spouse, children, grandparents, grandchildren, or other direct lineal relatives of the Owner (i.e., the Unit Owner's "immediate family" as that term is defined in 29 C.F.R. 780.308).

(e) Violations. If a Unit is leased without having first gained the Board's required submissions, reviews, and approvals as set forth in this Section, the Board may (i) assess a fine of up to \$100.00 per day against the owner of a unit for each day that the unit is occupied in violation of this Bylaw; (ii) in addition, the Association may seek other enforcement action as provided herein. Any fine assessed under this section and the costs of any action taken by the Association to enforce the provisions of this section, including reasonable attorney fees, shall be the personal obligation of the Unit Owner and the Board may elect to file a lien on the Unit owner's property for any violation of this paragraph and collect such fines and costs in the same manner as assessments.

(f) Enforcement. Enforcement of these provision regarding the rental or leasing of units shall be by any proceeding at law or in equity, to enjoin an existing or intended violation, and/or to recover damages, if any, or by any means or remedies authorized by the condominium documents or the Act (including the imposition of monetary charges, suspension of use of Association facilities or such other action as may be necessary). Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so. The Association shall be entitled to reimbursement for all

attorney's fees and costs of its legal representation in any actions at law or equity necessary to enforce this leasing limitation.

Section 15. Common Element Maintenance. Walkways, landscaped or greenspace areas, and other General Common Element areas shall not be obstructed, nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, toys, animals, vehicles, chairs, boots, shoes, clothing, or other obstructions may be left unattended on or about the General Common Elements.

Section 16. Rules and Regulations. It is intended that 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 the Association, including the period prior to the Transitional Control Date. During the Construction and Sales Period, the Developer, without the prior consent of any Co-owners or Mortgagees may establish rules and regulations governing the Condominium. Copies of all such rules, regulations, and amendments thereto shall be furnished to all Co-owners.

Section 17. 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 always have access to each Unit and any Limited Common Elements appurtenant thereto 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 their Unit and any Limited Common Elements appurtenant thereto during all periods of absence, and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to their Unit 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 18. Co-owner Maintenance. Each Co-owner shall maintain their 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, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements in any Unit which are appurtenant to, or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by the Unit Co-owner, or their 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 limited 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 19. Reserved Rights of Developer.

(a) Prior Approval by Developer. During the Construction and Sales Period, no structural modification shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), except interior alterations which do not affect structural elements of any Unit, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location, and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with Developer. Developer shall have the right to refuse to approve any such plan or specifications which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans or specifications, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole and any adjoining properties under development or proposed to be developed by Developer. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development and shall be binding upon both the Association and upon all Co-owners.

(b) Right to Receive Minutes. After the transitional control date and prior to the expiration of the Construction and Sales Period, the Developer, or its successors and assigns, upon written request to the Board of Directors of the Association, shall have the right to be provided with copies of all minutes of annual, special, or regular meetings of the Board of Directors and of the members of the Association.

(c) Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article shall apply to the Developer's use of the project, including the use or rental of Developer owned Units, if any, or to any entity that acquires title to one or more Units for the purpose of residential construction on those Units and subsequent resale, during the Construction and Sales Period or to the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time.

(d) Sales – Business Office. Notwithstanding anything to the contrary elsewhere herein contained, Developer or any entity that acquires title to one or more Units for the purpose of residential construction on those Units and subsequent resale shall have the right to maintain a sales office, a business office, a construction office, model units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to facilitate the construction and sale of the entire Project. During the Construction and Sales Period, the Developer or other entity shall be responsible for all costs related to sales and business offices as provided under this Section, including all costs related to Units and Common Elements used by the Developer or other entity in furtherance of the construction and sale of the Project. Developer may assign these rights during the Construction and Sales Period. Developer shall restore the areas so utilized under this Section, whether used by the Developer or by its assignee(s), to habitable

status upon termination of use, or such costs required to restore same shall be chargeable to the Developer by the Association.

(e) Commercial Use of Project. The Developer shall have the exclusive right to grant permission for the Common Elements and exteriors of the structures of the Project which can be viewed from the Common Elements, streets, alleys, or the air, to be used as a motion picture set, background, stage, sound stage, studio, painting, photograph, image, or location for any commercial media production or use, without the consent of, or payment to, the Co-owners or the Association. The Developer may collect a fee for its consent to use such images or for providing support services to photographers or others. The exercise of this right shall not interfere with normal and customary rights of architects and design professionals who designed the Project. The consent of the Developer shall not be required for the use of the Project as set forth above in connection with any news or feature coverage, for educational purposes, for individual non-commercial use, or for any governmental agency purposes. The Developer reserves the right to use, and assign the right to use, the Project's name, images, and other features unique to the Project. None of the above rights are intended to prevent a Unit Co-owner from granting independent permission for use of their individual Unit for such purposes provided such use is permitted elsewhere under these Bylaws.

(f) Enforcement of Bylaws. The Condominium Project shall always 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 shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

ARTICLE VII MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages their Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

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.

Section 4. Notification of FHLMC and FNMA. Notwithstanding anything to the contrary contained in the Condominium Documents, in the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, the Association shall give First Lien mortgagees timely written notice at such address as it may from time to time direct of (a) any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage; (b) any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage; (c) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (d) any proposed action that requires the consent of a specified percentage of mortgagee.

Further, pursuant to the procedure described in Section 90a of the Michigan Condominium Act, MCL 559.190a, First Lien mortgagees shall be provided notice of any amendment of a material adverse nature to First Lien mortgagees, and such amendment shall be subject to approval by the mortgagees, including any action to terminate the legal status of the project or to use insurance proceeds for any purpose other than to rebuild. For purposes of the preceding sentence, notice shall be delivered by certified or registered mail, with a return receipt requested.

ARTICLE VIII VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

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, the Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members held in accordance with Section 2 of Article XI. 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. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Unit that it owns. If, however, the Developer elects to designate a director (or directors) pursuant to its rights under Article XI, Section 2 (c)(i) or (ii) hereof, it shall not then be entitled to also vote for the non-developer directors.

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 Co-owner may change the individual representative designated at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 50% or more of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which 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 60% of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

ARTICLE IX MEETINGS

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

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by Developer and may be called at any time after more than 50% of the Units that may be created in Harrison 12 have been conveyed 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 75% 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. The date, time, and place of such meeting shall be set by the Association, and at least 10 days' written notice thereof shall be given to each Co-owner. The phrase "Units that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Units that the Developer is permitted under the Condominium Documents to include in the Condominium.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the second Tuesday of March, or as determined by the Board, each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Association; provided, however, that the second annual meeting shall not be held sooner than eight 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 Association or a special meeting shall be called by the Secretary upon receipt of a petition signed by 1/3 of the Co-owners 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. Notice of any special meeting must be sent within 14 days of the President calling a special meeting or within 14 days of receipt by the Secretary of the Association of a petition signed by 1/3 of the Co-owners requesting a special meeting. No business shall be transacted at a special meeting except as stated in the notice. Special meetings shall be held within 30 days following issuance of the meeting 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 the time and place where it is to be held, upon each Co-owner of record. The notice must be served on the Co-owners at least 10 days prior to the scheduled meeting, but not more than 60 days prior to such meeting. The emailing or mailing, postage prepaid, of a notice to the representative of each Co-owner at the email address or postal 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 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 inspectors of election (at annual meetings or special meetings held for the purpose of electing directors or officers); (g) election of directors (at annual meeting 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, 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 is present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes; Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the president or secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X ADVISORY COMMITTEE

An advisory committee of non-developer Co-owners shall be established either 120 days after conveyance or legal or equitable title to non-developer Co-owners or 1/3 of the Units that may be created or 1 year after the initial conveyance of legal or equitable title to a non-developer Co-owner of a unit in the Project, whichever occurs first. The advisory committee shall meet with the condominium Project Board of Directors for the purpose of facilitating communications and aiding the transition of control to the Association of Co-owners. The Advisory Committee shall cease to exist when a majority of the Board of Directors of the Association of Co-owners is elected by the non-developer Co-owners. 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. Except for the first board of directors, the board of directors shall be comprised three members, each representing a Unit in the Project, and all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association. Directors shall serve without compensation.

Section 2. 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 25% of the Units that may be created, at least one director and not less than 25% of the Board of Directors of the Association of Co-owners elected by non-developer Co-owners. Not

later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units that may be created, 33 1/3 % of the directors shall be elected by non-developer Co-owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-developer Co-owners and convene a meeting so that the Co-owners can elect the required director or directors. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% 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 director as long as the Units that remain to be created and conveyed equal at least 10% of all Units that may be created in the Project.

Section 3. Election of Directors at and After First Annual Meeting. Notwithstanding the formula provided in Section 2 above, regardless of the percentage of Units which have been conveyed, upon the expiration 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 all 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. Application of this subsection does not require a change in the size of the board of directors.

If the calculation of the percentage of members of the board of directors that the non-developer Co-owners have the right to elect under subsection (ii), or if the product of the number of members of the board of directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection (b) results in a right of non-developer Co-owners to elect a fractional number of members of the board of directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the board of directors that the non-developer Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the board of directors. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection 2.

At the First Annual Meeting three directors shall be elected to serve on the Board of Directors (one director for each Unit), and each director shall hold office until their successors have been elected and hold their first meeting. 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 7 hereof.

Section 4. Powers and Duties. After the First Annual Meeting, 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. Any action required by the Condominium Documents to be done by the Association shall be performed by action of the board of directors unless specifically required to be done by, or with the approval of, the Co-owners.

Section 5. 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 levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

(c) To carry insurance and collect and allocate the proceeds thereof.

(d) To rebuild improvements after casualty.

(e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance, and administration of the Condominium Project.

(f) To acquire, maintain and improve; and to buy, operate manage, sell, convey, assign, mortgage, or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) To borrow money and issue evidence of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association.

(h) To make rules and regulations in accordance with Article VI, Section 19 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.

(k) To collect from each Co-owner the annual assessment levied against him by the Association and to pay over all such assessments to said Community Association.

Section 5. Management Agent. The Association 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. 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 builder, in which the maximum term is greater than three years, which is not terminable by the Association upon 90-day written notice thereof to the other party, or which provides for a termination fee 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 members 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 meetings 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 50% of all of the Co-owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 35% requirement set forth in Article VIII, Section 4. Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the directors selected by it at any time or from time to time in its sole discretion. 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 ten 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 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-day notice to each director given personally, by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the board of directors shall be called by the president or secretary in like manner and on like notice on the written request of two 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 meeting 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, less than a quorum is present, the majority of those present

may adjourn the meeting to a subsequent time upon 24-hour 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 powers and duties which may be exercised generally by the board of directors as provided in the Condominium Documents.

Section 14. Fidelity Bonds. The Association shall 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 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 treasurer 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 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 they may in their discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) **Secretary.** The secretary shall keep the minutes of all meetings of the board of directors and 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.

(c) **Treasurer.** The treasurer shall have responsibility for the Association's 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 their 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, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 2. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the directors. The commencement date of the fiscal year shall be subject to change by the directors for accounting reasons or other good cause.

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 Association 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 actual and reasonable counsel fees and amounts paid

in settlement, incurred by or imposed upon him in connection with any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he may be a party or in which he may become involved by reason of their being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except for willful and wanton misconduct and for gross negligence, or as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Association (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 days prior to payment of any indemnification which it has approved, the Association shall notify all Co-owners thereof. Further, the Association 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

Except as set forth elsewhere, the Master Deed and Bylaws may be amended as provided under this Article with the consent of the Co-owners and mortgagees:

Section 1. Proposal. Amendments may be proposed by the Association acting upon the vote of the majority of the directors or may be proposed by 1/3 or more of the Co-owners by instrument in writing signed by them. A person causing or requesting an amendment shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of a prescribed majority of Co-owners and mortgagees or based upon the advisory committee's decision, the costs of which are expenses of administration.

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. The Master Deed and 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 2/3 vote of all Co-owners. No consent of mortgagees shall be required unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of 2/3 vote of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held. Mortgagees need not appear at any meeting of Co-owners, except that their approval shall be solicited through written ballots. To the extent that a vote of mortgagees of Units is required for the amendment, the procedure described in Section 90a of the Act, MCL 559.190a shall be followed.

Section 4. By Developer. Pursuant to Section 90(1) of the Act, the Developer hereby reserves the right, on behalf of itself and on behalf of the Condominium Association, to amend this Master Deed and the other Condominium Documents without approval of any Owner or mortgagee for the purposes of correcting survey and other errors and for any other purpose provided in this Master Deed, unless the amendment would materially alter or change the rights or benefits of an Owner or mortgagee, in which event such affected Owner and/or mortgagee

consent shall be required as provided above. This reservation shall remain effective for a period of two years after the end of the Construction and Sales Period.

Section 5. When Effective. Any amendment shall become effective upon recording of such amendment in the office of the Wayne County Register of Deeds.

Section 6. Binding. A copy of each amendment shall be furnished to every member of the Association after adoption; provided, however, that any amendment 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 receive a copy of the amendment.

ARTICLE XVII COMPLIANCE

The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using 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

Any 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 attorney's 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 attorney's 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 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 of monetary fines for such violations in accordance with Article XX of these Bylaws.

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 noncompliance with the terms and provisions of the Condominium Documents or the Act. In any proceeding brought by a Co-owner against the Association, or its officers and directors under this Section, the Association, or its officers and directors, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's 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 attorney's fees.

ARTICLE XX ASSESSMENT OF FINES

Section 1. General. The violation by any Co-owner, occupant, tenant, or guest of any of the provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur because of their personal actions or the actions of their family, guests, tenants, or any other person admitted through such Co-owner to the Condominium Premises.

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

(a) **Notice.** Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address as shown in the notice required to be filed with the Association pursuant to Article VIII, Section 3 of these Bylaws.

(b) **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Association and offer evidence in defense of the alleged violation. The appearance before the Association shall be at its next scheduled meeting, but in no event shall the Co-owner be required to appear less than ten days from the date of the notice.

(c) **Default.** Failure to respond to the notice of violation constitutes a default.

(d) **Hearing and Decision.** 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 Association shall, by majority vote of a quorum of the board, decide whether a violation has occurred. The Association's decision is final.

Section 3. Amounts. Upon violation of any of the provisions of the Condominium Documents and after default of the offending Co-owner or upon the decision of the Association as recited above, the following fines shall be levied:

(a) **First Violation.** No fine shall be levied.

(b) **Second Violation.** One Hundred Dollar (\$100.00) fine.

(c) **Third Violation.** Two Hundred Fifty Dollar (\$250.00) fine.

(d) **Fourth Violation and Subsequent Violations.** Five Hundred Dollar (\$500.00) fine.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable together with the regular Condominium assessment on the first of the next following month. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Documents including, without limitations, those described in Article II and Article XIX of the Bylaws.

ARTICLE XXI RIGHTS RESERVED TO DEVELOPER

All of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer, or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Construction and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and 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 XXII SEVERABILITY

If 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.