

Michigan Department of Consumer and Industry Services

Filing Endorsement

This is to Certify that the ARTICLES OF INCORPORATION – NONPROFIT

for

STRATFORD VILLAGE REGENTS ASSOCIATION

ID NUMBER: 768322

received by facsimile transmission on October 27, 2000 is hereby endorsed

Filed on October 30, 2000 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 30th day of October, 2000.

A handwritten signature in black ink that reads "Andrew S. Metzger".

, Director

Corporation, Securities and Land Development Bureau

**NON-PROFIT
ARTICLES OF INCORPORATION**

STRATFORD VILLAGE REGENTS ASSOCIATION

These Articles of Incorporation are signed and acknowledged by the incorporator for the purpose of forming a non-profit corporation under the provisions of Act No. 162 of the Public Acts of 1982, as follows:

ARTICLE I

NAME

The name of the corporation is Stratford Village Regents Association.

ARTICLE II

PURPOSES

The purposes for which the corporation is formed are as follows:

- (a) To manage and administer the affairs of and to maintain Stratford Village Regents, a condominium (hereinafter called "Condominium");
- (b) To levy and collect assessments against and from the members of the corporation and to use the proceeds thereof for the purposes of the corporation;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To rebuild improvements after casualty;
- (e) To contract for and employ persons, firms, or corporations to assist in management, operation, maintenance and administration of said Condominium;
- (f) To make and enforce reasonable regulations concerning the use and enjoyment of said Condominium;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and personal property, including, but not limited to, any Unit in the Condominium or any other real property, whether or not contiguous to the Condominium, for

the purpose of providing benefit to the members of the corporation and in furtherance of any of the purposes of the corporation;

(h) To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien;

(i) To enforce the provisions of the Master Deed and Bylaws of the Condominium and of these Articles of Incorporation and such Bylaws and Rules and Regulations of this corporation as may hereinafter be adopted;

(j) To do anything required of or permitted to it as administrator of said Condominium by the Condominium Master Deed or Bylaws or by Act No. 59 of Public Acts of 1978, as amended;

(k) In general, to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of said Condominium and to the accomplishment of any of the purposes thereof.

ARTICLE III

ADDRESSES

Location of the first registered office is 5995 Nineteen Mile Road, City of Sterling Heights, Macomb County, Michigan 48314.

Post office address of the first registered office is 5995 Nineteen Mile Road, Sterling Heights Michigan 48314.

ARTICLE IV

RESIDENT AGENT

The name of the first resident agent is Sebastian Palazzolo.

ARTICLE V

BASIS OF ORGANIZATION AND ASSETS

Said corporation is organized upon a non-stock, membership basis.

The amount of assets which said corporation possesses is:

Real Property: None
Personal Property: None

Said corporation is to be financed under the following general plan: Assessment of members.

ARTICLE VI

INCORPORATOR

The name and place of business of the incorporator is Mark J. Abdo, 42550 Garfield Road, Suite 104A, Clinton Township, Michigan 48038.

ARTICLE VII

EXISTENCE

The term of corporate existence is perpetual.

ARTICLE VIII

MEMBERSHIP AND VOTING

The qualifications of members, the manner of their admission to the corporation, the termination of membership, and voting by such members shall be as follows:

(a) Each Co-owner (including the Developer) of a Unit in the Condominium shall be a member of the corporation, and no other person or entity shall be entitled to membership; except that the subscribers hereto shall be members of the corporation until such time as their membership shall terminate, as hereinafter provided.

(b) Membership in the corporation (except with respect to any nonco-owner incorporators, who shall cease to be members upon the qualification of membership of any Co-owner) shall be established by acquisition of fee simple title to a Unit in the Condominium and by recording with the Register of Deeds in the county where the Condominium is located, a deed or other instrument establishing a change of record title to such Unit and the furnishing of evidence of same satisfactory to the corporation (except that the Developer of the Condominium shall become a member immediately upon establishment of the Condominium) the new Co-owner thereby

becoming a member of the corporation, and the membership of the prior Co-owner thereby being terminated.

(c) The share of a member in the funds and assets of the corporation cannot be assigned, pledged, encumbered or transferred in any manner except as an appurtenance to his Unit in the Condominium.

(d) Voting by members shall be in accordance with the provisions of the Bylaws of this corporation.

ARTICLE IX

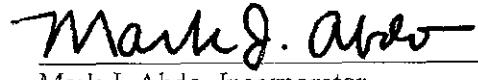
VOLUNTEER DIRECTORS

Section 1. Pursuant to Section 209(c) of the Michigan Nonprofit Corporation Act (being Act No 162 of the Public Acts of 1982, as amended) a volunteer director (as defined in Section 110(2) of the Michigan Nonprofit Act) of Stratford Village Regents Association, is not personally liable to the corporation or its members for monetary damages for a breach of the director's fiduciary duty. However, this section shall not eliminate or limit the liability of a director for any of the following:

- (i) A breach of the director's duty of loyalty to the corporation or its members.
- (ii) Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law.
- (iii) A violation of Section 551(1) of the Michigan Nonprofit Corporation Act.
- (iv) A transaction from which the director derived an improper personal benefit.
- (v) An act or omission that is grossly negligent.

Section 2. Stratford Village Regents Association hereby assumes all liability to any person other than the corporation or its members for all acts or omissions of a volunteer director.

Signed this 25th day of October, 2000.



Mark J. Abdo

Mark J. Abdo, Incorporator

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LIBER 9955 PAGE 791
01/04/2001 03:35:20 P.M.
MACOMB COUNTY, MI
CARMELLA SABAUGH, REG/DEEDS

**MASTER DEED
STRATFORD VILLAGE REGENTS**

This Master Deed is made and executed on this 27th day of DECEMBER, 2000, by Palazzolo Brothers, Incorporated, a Michigan corporation, hereinafter referred to as "Developer", whose post office address is 5995 Nineteen Mile Road, Sterling Heights, Michigan, 48314, in pursuance of the provisions of the Michigan Condominium Act (being Act 59 of the Public Acts of 1978, as amended), hereinafter referred to as the "Act".

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

NOW, THEREFORE, the Developer does, upon the recording hereof, establish Stratford Village Regents as a Condominium Project under the Act and does declare that Stratford Village Regents (hereinafter referred to as the "Condominium", "Project" or the "Condominium Project") shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of the Act, and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Master Deed and Exhibits A and B hereto, all of which shall be deemed to run with the land and shall be a burden and a benefit to the Developer, its successors and assigns, and any persons acquiring or owning an interest in the Condominium Premises, their grantees, successors, heirs, personal representatives and assigns. In furtherance of the establishment of the Condominium Project, it is provided as follows:

This is to certify that according to the County Treasurers records there are
no tax liens on this property and that the taxes are paid for five years previous
to date of this instrument except 19_____. No. 101977
TED B. WAHBY, Macomb County Treasurer By
This certification does not include current taxes now being collected.
Date 1/4/01

(59)
123n

59 P.
n/c

ARTICLE I

TITLE AND NATURE

The Condominium Project shall be known as Stratford Village Regents, Macomb County Condominium Subdivision Plan No. 690. The Condominium Project is established in accordance with the Act. The buildings and Units contained in the Condominium, including the number, boundaries, dimensions, area and volume of each Unit therein, are set forth completely in the Condominium Subdivision Plan attached as Exhibit B hereto. Each building contains individual Units for residential purposes and each Unit is capable of individual utilization on account of having its own entrance from and exit to a Common Element or the Condominium Project. Each Co-owner in the Condominium Project shall have an exclusive right to his Unit and shall have undivided and inseparable rights to share with other Co-owners the Common Elements of the Condominium Project as are designated by the Master Deed.

ARTICLE II

LEGAL DESCRIPTION

The land which is submitted to the Condominium Project established by this Master Deed is particularly described as follows:

Part of the Northeast Quarter of Section 12, Town 2 North, range 12 East, City of Sterling Heights, Macomb County, Michigan being described as:

Commencing at the South Quarter corner of said Section 1; thence S.00°57'48"E. 1124.28 feet along the North and South Quarter line of said Section 1; thence N.89°02'12"E. 43.00 feet to the point of beginning, said point being on the East right of way line of Saal Road (86.0 feet wide); thence N.89°19'15"E. 16.00 feet; thence N.00°57'48"W. 23.50 feet; thence N.89°19'15"E. 9.00 feet; thence N.00°57'48"W. 26.50 feet; thence N.89°19'15"E. 114.85 feet; thence 20.00 feet along a curve to the left having a central angle of 18°11'37", a radius of 63.00 feet and whose chord is N.80°13'26"E. 19.92 feet; thence S.34°06'02"E. 110.98 feet; thence S.49°30'44"E. 46.64 feet; thence S.81°59'53"W. 257.09 feet to the East right of way line of Saal Road; thence N.00°57'48"W. 102.95 feet along the East right of way line of Saal Road to the point of beginning; and

Part of the Northeast Quarter of Section 12, Town 2 North, range 12 East, City of Sterling Heights, Macomb County, Michigan being described as:

Commencing at the South Quarter corner of said Section 1; thence S.00°57'48"E. 1056.17 feet along the North and South Quarter line of said Section 1; thence N.89°02'12"E. 228.07 feet to the point of beginning; thence 3.32 feet along a curve to the left having a central angle of 03°01'19", a radius of 63.00 feet and whose chord is N.42°03'32"E. 3.32 feet; thence N.40°32'53"E. 616.37 feet; thence

42.02 feet along a curve to the left having a central angle of $41^{\circ}30'42''$, a radius of 58.00 feet and whose chord is $N.19^{\circ}47'32''E$. 41.11 feet; thence $N.00^{\circ}57'49''W$. 294.00 feet; thence 39.28 feet along a curve to the right having a central angle of $90^{\circ}00'50''$, a radius of 25.00 feet and whose chord is $N.44^{\circ}02'36''E$. 35.36 feet; thence $N.89^{\circ}03'01''E$. 101.47 feet; thence $S.00^{\circ}58'08''E$. 417.58 feet; thence $S.40^{\circ}29'16''W$. 696.21 feet; thence $N.49^{\circ}30'44''W$. 43.96 feet; thence $N.34^{\circ}06'02''W$. 106.16 feet to the point of beginning.

Excepting therefrom any portion deeded, taken or used for public road purposes, subject to all easements and restrictions of record and all governmental limitations and together with and subject to a certain Declaration of Covenants, Conditions, Easements and Restrictions for the Stratford Community as recorded in Liber 9643, Pages 262 through 288, Macomb County Records.

ARTICLE III

DEFINITIONS

Certain terms are utilized not only in this Master Deed and Exhibits A and B hereto, but are or may be used in various other instruments such as, by way of example and not limitation, the Articles of Incorporation and rules and regulations of the Stratford Village Regents Association, a Michigan non-profit corporation, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment of, or transfer of, interests in Stratford Village Regents as a condominium. Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

Section 1. **Act.** The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

Section 2. **Association.** "Association" means Stratford Village Regents Association, which is the non-profit corporation organized under Michigan law of which all Co-owners shall be members, which corporation shall administer, operate, manage and maintain the Condominium. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless specifically reserved to its members by the Condominium Documents or the laws of the State of Michigan.

Section 3. **Bylaws.** "Bylaws" means Exhibit A hereto, being the Bylaws setting forth the substantive rights and obligations of the Co-owners and required by Section 3(8) of the Act to be recorded as part of the Master Deed. The Bylaws shall also constitute the corporate bylaws of the Association as provided for under the Michigan Nonprofit Corporation Act.

Section 4. **Common Elements.** "Common Elements", where used without modification, means both the General and Limited Common Elements described in Article IV hereof.

Section 5. Condominium Documents. "Condominium Documents" means and includes this Master Deed and Exhibits A and B hereto, and the Articles of Incorporation, and rules and regulations, if any, of the Association, as all of the same may be amended from time to time.

Section 6. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements and structures thereon, and all easements, rights and appurtenances belonging to Stratford Village Regents as described above.

Section 7. Condominium Project, Condominium or Project. "Condominium Project", "Condominium" or "Project" means Stratford Village Regents, a Condominium Project established in conformity with the provisions of the Act.

Section 8. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit B hereto.

Section 9. Construction and Sales Period. "Construction and Sales Period" means the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any Unit which it offers for sale or for so long as the Developer continues to construct or proposes to construct additional Units.

Section 10. Co-owner. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which own one or more Units in the Condominium Project and shall include a Land Contract Vendee. The term "Owner", wherever used, shall be synonymous with the term "Co-owner".

Section 11. Declaration of Covenants, Conditions, Easements and Restrictions. Declaration of Covenants, Conditions, Easements and Restrictions means the Declaration for the Stratford Community as recorded in Liber 9643, Pages 262 through 288, Macomb County Records, which covers the maintenance and operation of the Community Areas within the Stratford Community described in Article VIII hereof.

Section 12. Developer. "Developer" means Palazzolo Brothers, Incorporated, a Michigan corporation, which has made and executed this Master Deed, and its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, however and wherever such terms are used in the Condominium Documents.

Section 13. First Annual Meeting. "First Annual Meeting" means the initial meeting at which non-developer Co-owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting is to be held (a) in the Developer's sole discretion after 50% of the Units which may be created are sold or (b) mandatorily after the elapse of 54 months from the date of the first Unit conveyance or (c) mandatorily after 75% of all Units which may be created are sold, whichever first occurs.

Section 14. **Transitional Control Date.** "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceeds the votes which may be cast by the Developer.

Section 15. **Unit or Condominium Unit.** "Unit" or "Condominium Unit" each mean the enclosed space constituting a single complete residential Unit in Stratford Village Regents, as such space may be described on Exhibit B hereto, and shall have the same meaning as the term "Condominium Unit" as defined in the Act.

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

ARTICLE IV

COMMON ELEMENTS

The Common Elements of the Project described in Exhibit B attached hereto, and the respective responsibilities for maintenance, decoration, repair or replacement thereof, are as follows:

Section 1. **General Common Elements.** The General Common Elements are:

(a) **Land.** The land described in Article II hereof, including roads and walks, if any, not identified as Limited Common Elements, but not including any Community Areas covered by the Declaration of Covenants, Conditions, Easements and Restrictions for the Stratford Community.

(b) **Electrical.** The electrical transmission system throughout the Project, including that contained within Unit walls, up to the point of connection with, but not including, electrical fixtures, plugs and switches within any Unit.

(c) **Telephone.** The telephone system throughout the Project up to the point of entry to each Unit.

(d) **Gas.** The gas distribution system throughout the Project, including that contained within Unit walls, up to the point of connection with gas fixtures within any Unit.

(e) **Water.** The water distribution system throughout the Project, including that contained within Unit walls, up to the point of connection with plumbing fixtures within any Unit.

(f) **Sanitary Sewer.** The sanitary sewer system through out the Project, including that contained within Unit walls, up to the point of connection with plumbing fixtures within any Unit.

(g) **Telecommunications.** The telecommunications system, if and when it may be installed, up to, but not including, connections to provide service to individual Units.

(h) **Construction.** Foundations, supporting columns, Unit perimeter walls (excluding windows and doors therein), roofs, ceilings, floor construction between Unit levels and chimneys.

(i) **Other.** Such other elements of the Project not herein designated as General or Limited Common Elements which are not enclosed within the boundaries of a Unit, and which are intended for common use or are necessary to the existence, upkeep and safety of the Project.

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

Section 2. **Limited Common Elements.** Limited Common Elements shall be subject to the exclusive use and enjoyment of the Owner of the Unit to which the Limited Common Elements are appurtenant. The Limited Common Elements are:

(a) **Patios and Balconies.** Each individual patio and/or balcony, if any, in the Project is restricted in use to the Co-owner of the Unit which opens into such patio and/or balcony as shown on Exhibit B hereto.

(b) **Porches.** Each individual porch in the Project is restricted in use to the Co-owner(s) of the Unit(s) which opens into such porch as shown on Exhibit B hereto.

(c) **Garages.** Each garage shall be appurtenant as a Limited Common Element to the Unit to which such garage is assigned on Exhibit B hereto.

(d) **Garage Doors and Openers.** The garage door and electric garage door opener for each garage having the same shall be limited in use to the Co-owner of the Unit to which such garage is appurtenant as a Limited Common Element.

(e) **Air-Conditioner Compressors.** Each air-conditioner compressor, if any, located outside any building shall be limited in use to the Co-owner of the Unit which such compressor services.

(f) **Interior Surfaces.** The interior surfaces of Unit perimeter walls, ceiling and floors contained within a Unit shall be subject to the exclusive use and enjoyment of the Co-owner of such Unit.

(g) **Windows and Doors.** Windows and doors shall be appurtenant as Limited Common Elements to the Units which they service.

Section 3. Responsibilities. The respective responsibilities for the maintenance, decoration, repair and replacement of the Common Elements are as follows:

(a) **Garage Doors and Openers.** The costs of maintenance, repair and replacement of each garage door and electric garage door opener referred to in Section 2(d) above shall be borne by the Co-owner of the Unit to which such Limited Common Element is appurtenant.

(b) **Air-Conditioner Compressors.** The costs of maintenance, repair and replacement of each air-conditioner compressor, if any, referred to in Section 2(e) above shall be borne by the Co-owner of the Unit to which such air-conditioner compressor is appurtenant.

(c) **Windows and Doors.** The costs of maintenance, repair and replacement of all windows and doors referred to in Section 2(g) above shall be borne by the Co-owner of the Unit to which such Limited Common Elements are appurtenant.

(d) **Interior Maintenance.** The costs of decoration and maintenance (but not repair or replacement except in cases of Co-owner fault) of the interiors of garages referred to in Section 2(c) above and all surfaces referred to in Section 2(f) above shall be borne by the Co-owner of each Unit to which such Limited Common Elements are appurtenant.

(e) **Patios and Balconies.** The costs of maintenance, repair and replacement of each patio and/or balcony, if any, referred to in Article IV, Section 2(a) above shall be borne by the Co-owner of the Unit to which it relates. The Association shall be responsible for mowing any patio area with consists mainly of lawn.

(f) **Other.** The costs of maintenance, repair and replacement of all General and Limited Common Elements other than as described above shall be borne by the Association, subject to any provisions of the Bylaws expressly to the contrary.

No Co-owner shall use his Unit or the Common Elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of his Unit or the Common Elements.

ARTICLE V

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

Section 1. Description of Units. Each Unit in the Condominium Project is described in this paragraph with reference to the Condominium Subdivision Plan of Stratford Village Regents as prepared by Fenn & Associates Inc., and attached hereto as Exhibit B. Each Unit shall include all that space contained within the finished unpainted walls and ceilings and from the finished subfloor all as shown on the floor plans and sections in Exhibit B hereto.

Section 2. Percentage of Value. The percentage of value assigned to each Unit is equal. The percentages of value were computed on the basis of comparative characteristics of the Units and concluding that there are not material differences among them insofar as the allocation of the Percentages of Value is concerned. The total value of the Project is precisely 100%. The percentage of value assigned to each Unit shall be determinative of each Co-owner's respective share of the Common Elements of the Condominium Project, the proportionate share of each respective Co-owner in the proceeds and expenses of the administration and the value of such Co-owner's vote at meetings of the Association of Co-owners.

ARTICLE VI

Convertible Areas

Section 1. Designation of Convertible Areas. Each Unit in the Project and all General and Limited Common Elements are Convertible Areas within which the individual Units may be expanded and/or reduced in size and within which the Limited Common Elements appurtenant to such Units may be constructed and/or relocated.

Section 2. Developer's Rights. Developer reserves the right, in its sole discretion, during a period ending no later than 6 years from the date of recording this Master Deed, to expand and/or reduce the size of individual Units and to construct and/or relocate Limited Common Elements within the Convertible Areas.

Section 3. Compatibility of Improvements. All improvements constructed within the Convertible Areas described above shall be reasonably compatible with the structures on the other portion of the Condominium Project. No improvements, other than as above indicated, may be created on the Convertible Areas.

Section 4. Amendment of Master Deed. Modifications within this Condominium Project shall be given effect by an appropriate amendment to the Master Deed in the manner provided by law, which amendment shall be prepared by and at the discretion of the Developer or its successors and in which the percentages of value set forth in Article V hereof shall be proportionately readjusted

in order to preserve a total value of 100 for the entire Project resulting from such amendment or amendments to this Master Deed. The precise determination of the readjustments in percentages of value shall be made within the sole judgment of Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among percentages of value based upon the method of original determination of percentages of value for the Project. Such amendment or amendments to the Master Deed shall also contain such further definitions and redefinitions of General or Limited Common Elements as may be necessary to adequately describe and service the Units and Common Elements being modified by such amendment. In connection with such amendment, Developer shall have the right to change the nature of any Common Element previously included in the Project for any purpose reasonably necessary to achieve the purposes of this Article.

Section 5. Consent of Interested Persons. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments to this Master Deed to effectuate the foregoing and to any proportionate reallocation of percentages of value of existing Units which Developer or its successors may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer or its successors as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing.

ARTICLE VII

EASEMENTS

Section 1. Easement for Maintenance of Encroachments and Utilities. In the event any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to shifting, settling or moving of a building, or due to survey errors, or construction deviations, reciprocal easements shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction. There shall be easements to, through and over those portions of the land, structures, buildings, improvements and walls (including interior Unit walls) contained therein for the continuing maintenance and repair of all utilities in the Condominium. There shall exist easements of support with respect to any Unit interior wall which supports a Common Element.

Section 2. Easements Retained by Developer.

(a) **Sign Easements.** Beginning at the end of the Development and Sale Period and extending for a period of 1 year thereafter, the Developer reserves for the benefit of itself, its successors and assigns, a easement to construct and maintain on the Project entrance a sign advertising the Developer's new location. Said sign shall be no larger than 8 feet by 8 feet and shall be maintained by the Developer. Developer also reserves an easement over the Project entrance for

the purpose of maintaining a sign advertising the future development of the Project. No such signs shall be located within any public utility easements.

(b) Model Easements. The Developer reserves right to at all times use the model Units in the Condominium Project to market other projects developed by the Developer, its successors and assigns.

Section 3. Grant of Easements by Association. The Association, acting through its lawfully constituted Board of Directors (including any Board of Directors acting prior to the Transitional Control Date) shall be empowered and obligated to grant such easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium or for the benefit of any other land described in Article VI hereof; subject, however, to the approval of the Developer so long as the Construction and Sales Period has not expired.

Section 4. Easements for Maintenance, Repair and Replacement. The Developer, the Association and all public or private utilities shall have such easements as may be necessary over the Condominium Premises, including all Units and Common Elements to fulfill any responsibilities of maintenance, repair, decoration or replacement which they or any of them are required or permitted to perform under the Condominium Documents.

Section 5. Telecommunications Agreements. The Association, acting through its duly constituted Board of Directors and subject to the Developer's approval during the Construction and Sales Period, shall have the power to grant such easements, licenses and other rights of entry, use and access and to enter into any contract or agreement, including wiring agreements, right-of-way agreements, access agreements and multi-unit agreements and, to the extent allowed by law, contracts for sharing of any installation or periodic subscriber service fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, earth antenna and similar services (collectively "Telecommunications") to the Project or any Unit therein. Notwithstanding the foregoing, in no event shall the Board of Directors enter into any contract or agreement or grant any easement, license or right of entry or do any other act or thing which will violate any provision of any federal, state or local law or ordinance. Any and all sums paid by any Telecommunications or other company or entity in connection with such service, including fees, if any, for the privilege of installing same or sharing periodic subscriber service fees, shall be receipts affecting the administration of the Condominium Project within the meaning of the Act and shall be paid over to and shall be the property of the Association.

ARTICLE VIII

STRATFORD COMMUNITY

The Stratford Village Regents is part of a planned residential community called the Stratford Community. When complete, the entire community may consist of a number of separate

condominium projects, or other forms of approved development, all in addition to Stratford Village Regents. In order to provide a framework for the coordinated development of the entire Stratford Community, and for the joint use, maintenance and support of designated portions thereof, the Declaration of Covenants, Conditions, Easements and Restrictions for Stratford Community (the "Declaration") has been established as referred to in Article II hereof. Such Declaration is incorporated herein by reference and shall be binding upon all Co-owners and the Association to the extent applicable to the Condominium Project. The Declaration confers certain benefits and imposes certain obligations upon the Co-owners and the Project, including, without limitation, the non-exclusive right to use and the obligation to share in the cost of maintenance and support of the Community Areas designated as such from time to time in accordance with the Declaration. All assessments levied against the Co-owners and their Units pursuant to such Declaration shall be equal and shall not be apportioned among the Co-owners in accordance with the percentages of value assigned to the Units owned by them.

ARTICLE IX

AMENDMENT

This Master Deed and the Condominium Subdivision Plan (Exhibit B to said Master Deed) may be amended with the consent of 66-2/3% of the Co-owners except as hereinafter set forth:

Section 1. Co-owner Consent. No Unit dimension may be modified without the consent of the Co-owner of such Unit nor may the nature or extent of Limited Common Elements or the responsibility for maintenance, repair or replacement thereof be modified without the written consent of the Co-owner of any Unit to which the same are appurtenant.

Section 2. By Developer. Prior to 1 year after expiration of the Construction and Sales Period, the Developer may, without the consent of any Co-owner or any other person, amend this Master Deed and the Condominium Subdivision Plan attached as Exhibit B in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the Bylaws attached hereto as Exhibit A as do not materially affect any rights of any Co-owners or mortgagees in the Project, including, but not limited to, amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective Co-owners and to enable the purchase or insurance of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans Administration or the Department of Housing and Urban Development, or by any other public or private mortgage insurer or any institutional participant in the secondary mortgage market.

Section 3. Change in Value of Vote, Maintenance Fee and Percentages of Value. The value of the vote of any Co-owner and the corresponding proportion of common expenses assessed against such Co-owner shall not be modified without the written consent of such Co-owner and his mortgagee, nor shall the percentage of value assigned to any Unit be modified without like consent, except as provided in Article V, Section 6(c) of the Bylaws and except as provided in Article VI and

Article VII hereof.

Section 4. Mortgagee Approval. Pursuant to Section 90(1) of the Act, the Developer hereby reserves the right, on behalf of itself and on behalf of the Association of Co-owners, to amend this Master Deed and the Condominium Documents without approval of any mortgagee unless the Amendment would materially alter or change the rights of a mortgagee, in which event 66-2/3% of the mortgagees shall approve such Amendment, giving one vote for each mortgage held.

Section 5. Termination, Vacation, Revocation or Abandonment. The Condominium Project may not be terminated, vacated, revoked or abandoned without the written consent of 85% of all Co-owners.

Section 6. Developer Approval. This Master Deed shall not be amended nor shall the provisions hereof be modified by any other amendment to this Master Deed without the written consent of the Developer so long as the Developer continues to offer any Unit in the Condominium for sale or for so long as there remains, under such provisions, any further possibility of expansion of the Condominium Project or possibility of construction of Units on the land described in Article VI hereof. No easements created under the Condominium Documents may be modified or obligations with respect thereto varied without the consent of each owner benefitted thereby.

ARTICLE X

PRIVATE STREET AND STORM SEWER REQUIREMENTS

Section 1. Grant of Easement. Developer, for itself, its successors and assigns, grants to the City of Sterling Heights (the "City"), a nonexclusive private street and storm sewer easement ("Private Street and Storm Sewer Easement") for ingress and egress, maintenance, repair, and replacement of the private streets and storm sewers as defined as General Common Elements within Stratford Village Regents on Exhibit B attached hereto. The Private Street and Storm Sewer Easement shall be for purposes of (i) pedestrian and vehicular ingress and egress to, and from any public or private street; (ii) inspecting, using, maintaining, repairing, reconstructing, improving, replacing and removing such street and adjacent private storm sewers in order to ensure that the private streets and storm sewers are in functioning condition; and (iii) providing public services including ambulance, police and fire protection. This grant of easement shall authorize but not obligate City to perform any of the above within the Private Street and Storm Sewer Easement.

Section 2. Use of Easement. The Private Street and Storm Sewer Easement granted by this instrument is nonexclusive and the Developer, for itself, its successors and assigns, and on behalf of the Association, may use the easements and grant nonexclusive easement rights to others, subject to the rights of the City under this Agreement.

Section 3. Construction of Private Streets and Storm Sewers; Maintenance and Repair.

Developer will construct private streets and storm sewers as identified on Exhibit B, in accordance with applicable City codes, ordinances, regulations and standards of the City in effect at the time of construction. The Association shall maintain the private streets and storm sewers in accordance with City codes, ordinances, regulations and standards as may be amended from time to time in order to keep the private streets and storm sewers in a reasonable functioning condition and to prevent any condition from arising which constitutes a public hazard or public nuisance. All costs, including administrative and legal fees, associated with maintaining private streets or storm sewers required by this Article X or with abating any public hazard or public nuisance relating to any private street and storm sewer (collectively "Maintenance Obligation") shall be paid by the Association as provided for herein. Actions by the City to maintain or abate a public hazard or a public nuisance upon a private street and storm sewer may include, but not be limited to, the following:

- (i) repair of any potholes, large cracks, grade differentials, or deteriorating concrete surfaces, sewer breaks or leaks, or replacement and reconstruction of any private street or private storm sewer in need or replacement or reconstruction; and
- (ii) removal of debris or street cleaning of any private street necessary to allow safe access by emergency vehicles; and
- (iii) taking such remedial action as deemed necessary by the City to ensure that the private streets and storm sewers are maintained in reasonable functioning condition.

Section 4. Performance of Maintenance Obligation. The Association shall be responsible for the proper maintenance of the private streets and storm sewers, including without limitation those Maintenance Obligations described in Sections 3 and 4 of this Article X, and for compliance with the terms of this Article X. The Association shall have the authority to make and enforce regulations pertaining to the use and maintenance of the private streets and storm sewers, which regulations shall be binding upon all Co-owners provided same do not conflict with this Article X, do not unreasonably interfere with the Private Street and Storm Sewer Easement granted to City, and are not less stringent than applicable City Code, regulations, and standards which shall be binding upon the Association. If the City is aware of any condition upon a private street or a storm sewer which prevents a private street or the storm sewer from being reasonably functional, or which constitutes a public hazard or public nuisance, the City may demand that the Association take remedial action to correct the problem, or abate the hazard or nuisance. The notice shall direct the Association to take corrective action, correct the problem, or abate the public hazard or public nuisance within ten days. The Association may request a hearing before the board authorized by the City Council to hear such appeals within ten (10) days of the date of the notice to appeal the abatement request. In the event of such request, a hearing shall be held within a reasonable time after the receipt of the request. At such hearing, the terms of the original notice may be affirmed, modified or reversed with respect to deficiencies to be cured in the time period for curing.

Section 5. Failure to Perform Maintenance. If the Association fails to take the required corrective action, abate the hazardous condition or nuisances requested on the notice or as modified

by the Board of Ordinance Appeals, within the time specified, the City may enter upon the Private Street and Storm Sewer Easement to take action reasonably necessary to correct the problem to restore the functionality of the private street or private storm sewer, or abate the public hazard or public nuisance.

Section 6. Emergency Access. Notwithstanding the provisions of Section 4 above, in the event that the City determines an emergency condition exists with respect to any Private Street or Storm Sewer Easement which threatens the public health, safety or general public welfare, the City shall have the right to immediately and without notice take appropriate emergency action to abate such condition.

Section 7. Assessment for Abatement Action. If the City takes any corrective action to restore the functionality of the private street or private storm sewer, or to abate any public hazard or public nuisance, or takes an emergency action with respect to any private street or storm sewer, the cost of performing the maintenance obligation or of taking the emergency action plus reasonable administrative legal fees shall be billed to the Association. If the invoice remains unpaid for thirty (30) days, it shall be assessed equally against each Unit in the Condominium and collected in the same manner as general property taxes, including the provisions for payments of interest, penalty and foreclosure. The cost of performing any of the Maintenance Obligations for the private street and storm sewer, if done by City personnel, shall be charged on a direct cost basis in accordance with City policy.

Section 8. Allocation of Assessment for Private Street and Storm Sewer Maintenance. The Developer, for itself, its successors and assigns, consents to the equal proration and allocation of assessments made to repair the private streets and storm sewers among the various Unit Co-owners to be billed as part of the taxes assessed to the individual units.

Section 9. Inspection of Private Streets and Storm Sewers. Inspectors for the City shall be permitted to make periodic inspections of the private streets and storm sewers to assure compliance by the Association with respect to the Maintenance Obligation and use covenants contained in this Article X. The maintenance inspection shall be on a periodic basis on such schedule as the City shall determine. The Association shall be responsible to pay the City any inspection fees in accordance with the City Council Fee Resolution.

Section 10. Termination of Covenants, Restrictions and Easements. If, at any time, the City shall, within its sole discretion, accept a public dedication of the private street or storm sewer, or any part of such street within the Condominium, the covenants, restrictions, reservations, easements and servitudes set forth in this Article X relating to the dedicated portion shall terminate. Until such time as the City shall within its sole discretion accept a public dedication of all of the private streets and storm sewers within the Condominium, these covenants, restrictions, reservations, easements and servitudes shall not be terminable by the Developer, the successor owner, Association or its members.

Section 11. Insurance Requirements.

(a) **Indemnification and Insurance.** The Association agrees to the full extent permitted by law to indemnify and hold the City its elected and appointed officials, employees and volunteers and others working on behalf of the City harmless against any and all claims, demands, suits and losses including any costs connected therewith including but not limited to any damages which may be asserted claimed or recovered against or from the City, its elected or appointed officials, employees, volunteers and others working on behalf of the City by reason of personal injury, including bodily injury and death and/or property damage including loss of use thereof which arises out of or is in any way connected with this Article X. The Association shall provide insurance coverage naming the City as an additional insured as follows:

(1) **Commercial and General Liability Insurance.** The Association shall procure and maintain Commercial and General Liability Insurance on an occurrence basis with limits of liability not less than \$1,000,000.00 per occurrence and/or aggregate, combined single limit personal injury, bodily injury and property damage. The minimum coverage requirements may be reviewed and adjusted by the City periodically. The insurance requirements shall not be adjusted unless the City has given prior notice to the Association at least ten (10) days prior to the effective date of the adjustment. The Association shall have the right to have the City Council hear an appeal with respect to any increases.

(b) **Additional Insured.** The Commercial General Liability Insurance described above shall include an endorsement stating the following shall be additional insured: the City of Sterling Heights, all elected and appointed officials, all employees and volunteers, all boards, commissions or authorities or board members including employees and volunteers thereof.

(c) **Cancellation.** Commercial and General Liability Insurance as described above shall include an endorsement stating the following: it is understood and agreed that thirty (30) days advance written notice of cancellation, nonrenewal and/or material change shall be sent to:

Finance Director
City of Sterling Heights
40555 Utica Road
Sterling Heights, MI 48311

(d) **Certificate of Insurance.** The Association shall provide to the City at the time that this Master Deed is recorded two copies of the certificate and insurance policy for Commercial and General Liability Insurance.

If the above coverage expires the Association shall deliver a renewal certificate and/or policy to the City at least ten (10) days prior to the expiration date.

Section 12. Enforcement The terms, covenants and agreements contained in this Article

X may be enforced by the Developer, the Association, or the City.

Section 13. Binding Effect This Article X shall be binding upon and inure to the benefit of the Developer and the City, and their respective successors and assigns and any successor owners of the Development or any lots, and each party warrants that it has the authority and capacity to make this agreement.

Section 14. Easement Appurtenant. All of the covenants, restrictions, reservations and servitudes set forth in this Article X shall run with the land. Any successor, assignee, or grantee, by accepting the deed to any Unit, accepts the same subject to the covenants, restrictions, reservations, easements and servitudes and agrees for himself, his heirs, administrators and assigns to be bound by each of the covenants, restrictions, reservations, easements and servitudes jointly, separately and severally.

Section 15. Indemnification. The Association, its agents, representatives, successors, and assigns shall to the maximum extent permitted by law, defend indemnify and hold the City harmless from and against any claims, demands, actions, damages, injuries, costs, or expenses of any nature whatsoever hereafter claimed, fixed or contingent, known or unknown, arising out of or in any way connected with the designed construction used maintenance repair or operation (or omissions in such regard) with respect to the private streets and storm sewers, pertinences, connections, and attachments thereto which are the subject of this agreement. This indemnity and hold harmless shall include any costs, expenses, and attorney fees incurred by the City in connection with such claims or the enforcement of this agreement. Notwithstanding the foregoing the developers indemnity and obligations shall cease upon the recording of the conveyance of the private streets and private storms sewers to the Association, except with respect to any claim which arose prior to the time of such conveyance.

Section 16. Severability. Each covenant, restriction, reservation, easement and servitude contained herein shall be considered to be an independent and separate covenant and agreement and in the event one or more of the covenants, conditions, reservations and servitudes shall for any reason be held to be invalid or unenforceable by a court of competent jurisdiction, all remaining covenants, restrictions, reservations, easements and servitudes shall nevertheless remain in full force and effect.

Section 17. Amendment or Termination. The provisions of this Article X shall not be amended or terminated without the written consent of the City.

ARTICLE XI

ASSIGNMENT

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

WITNESSES:

Mark J. Abdo
MARK J. ABDO
Cy M. Abdo
CY M. ABDO

PALAZZOLO BROTHERS, INCORPORATED, a Michigan corporation

By: Sebastian Palazzolo
 Sebastian Palazzolo, President

STATE OF MICHIGAN)
) ss.

COUNTY OF MACOMB)

The foregoing instrument was acknowledged before me this 27TH day of DECEMBER, 2000, by Sebastian Palazzolo, President of Palazzolo Brothers, Incorporated, a Michigan corporation, on behalf of it.

CY M. ABDO
 NOTARY PUBLIC - MACOMB COUNTY, MI
 MY COMMISSION EXP. 03/01/2001

Cy M. Abdo
 Notary Public
 County, Michigan
 My Commission Expires: _____

Master Deed drafted by:

Mark J. Abdo
 Attorney at Law
 42550 Garfield Road
 Suite 104A
 Clinton Township, Michigan 48038

When recorded, return to drafter

EXHIBIT A

BYLAWS

STRATFORD VILLAGE REGENTS

ARTICLE I

ASSOCIATION OF CO-OWNERS

Stratford Village Regents, a residential Condominium Project located in the City of Sterling Heights, Macomb County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Condominium Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Association Bylaws provided for under the Michigan Non-profit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II

ASSESSMENTS

Section 1. Assessments Against Units and Co-owners. 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 Owners thereof in accordance with the following provisions.

Section 2. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising with, 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 receipt affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 3. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a) **Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 4 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 Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the delivery of a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, (2) to provide replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding \$1,000.00 annually for the entire Condominium Project, or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors 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 Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

(b) **Special Assessments.** Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$1,000.00 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 6 hereof, or (3) 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 3(a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than 60% of all Co-owners in number and in value. 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 the members thereof.

Section 4. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article V of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article II, Section 3(a) above shall be payable by Co-owners in 12 equal monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. A late charge of 1% per month shall be assessed automatically by the Association upon any assessments in default for five or more days until installment together with the applicable late charges is paid in full. Each Co-owner (whether 1 or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

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

Section 6. 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 his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon 7 days' written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate

to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any 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 of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-owner and every other person who from time to time has any interest in the Project, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of subject Unit.

(c) Notices 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 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, of a written notice that 1 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 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney 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 Register of Deeds in the county in which the Project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

(d) Expenses of Collection. The expenses incurred in collecting unpaid assessments,

including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default and shall be secured by the lien on his Unit.

Section 7. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit).

Section 8. Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the monthly Association assessment, except with respect to completed and occupied Units that it owns. A completed Unit is one with respect to which a certificate of occupancy has been issued. An occupied Unit is one which is occupied as a residence. Developer shall independently pay all direct costs of maintaining completed Units for which it is not required to pay regular maintenance assessments and shall not be responsible for any payments whatsoever to the Association in connection with such Units. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer 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 9. 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 10. 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 11. Mechanic's Lien. A mechanic's lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 12. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein.

Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied, provided, however, that the failure of a purchaser to request such statement at least 5 days prior to the closing of the purchase of such Unit shall render any unpaid assessments and the lien securing same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

ARTICLE III

ARBITRATION

Section 1. Scope and Election. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between the Co-owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Co-owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. Such election and written consent by Co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements and certain other portions of the Condominium Project, as set forth below, and such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of the Co-owners and Association. 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. Each Co-owner may obtain insurance coverage at his own expense upon his Unit. It shall be each Co-owner's responsibility to determine by personal investigation or from his own insurance advisors the nature and extent of insurance coverage adequate to his needs and thereafter to obtain insurance coverage for his personal property and any additional fixtures, equipment and trim (as referred to in subsection (b) below) located within his Unit or elsewhere on the Condominium and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit, and also for alternative living expense in event of fire, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(b) Insurance of Common Elements and Fixtures. All Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement). All information in the Association's records regarding insurance coverage shall be made available to all Co-owners upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting to change the nature and extent of any applicable coverages, if so determined. Upon such annual reevaluation and effectuation of coverage, the Association shall notify all Co-owners of the nature and extent of all changes in coverages. Such coverage shall also include interior walls within any Unit and the pipes, wire, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accord with the plans and specifications thereof as are on file with the local unit of government in which this Project is located (or such replacements thereof as do not exceed the cost of such standard items). It shall be each Co-owner's responsibility to determine the necessity for and to obtain insurance coverage for all fixtures, equipment, trim and other items or attachments within the Unit or any Limited Common Elements appurtenant thereto which were installed in addition to said standard items (or as replacements for such standard items to the extent that replacement cost exceeded the original cost of such standard items) whether installed originally by the Developer or subsequently by the Co-owner, and the Association shall have no responsibility whatsoever for obtaining such

coverage unless agreed specifically and separately between the Association and the Co-owner in writing.

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

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

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project, his Unit and the Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Condominium Project. 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.

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 or not 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 a unanimous vote of all 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 in value

and in number 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 his Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures and all appliances, whether free-standing or built-in. In the event damage to interior walls within a Co-owner's Unit or to pipes, wires, conduits, ducts or other Common Elements therein, or to any fixtures, equipment and trim which are standard items within a Unit is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 4 of this Article V. If any other interior portion of a Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative 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 a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the 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.

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 his mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any Co-owner whose Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Co-owner and his mortgagee, as their interests may appear.

(b) **Taking of Common Elements.** If there is any taking of any portion of the Condominium other than any Unit, the condemnation proceeds relative to such taking shall be paid to the 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 in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) **Continuation of Condominium After Taking.** In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be re-surveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by 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 shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 7. Notification of FHLMC. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon request therefor by FHLMC, the Association 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 in amount or damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds \$1,000.

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

ARTICLE VI

RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residence purposes and the Common Elements shall be used only for purposes consistent with the use of single-family residences.

Section 2. Leasing and Rental.

(a) **Right to Lease.** A Co-owner may lease his Unit for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. With the exception of a lender in possession of a Unit following default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least 6 months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion without approval by the Association.

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

(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to a potential lessee of the Unit and at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-owner in writing.

(2) Tenants or nonco-owner occupants shall comply with all of the conditions of the Condominium Documents of the Condominium Project and all leases and rental agreements

shall so state.

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

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

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

(iii) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or nonco-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or nonco-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 and for actual legal fees incurred by the Association in connection with legal proceedings hereunder.

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, 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. The form of lease used by any Co-owner shall explicitly contain the foregoing provisions.

Section 3. Alterations and Modifications. No Co-owner shall make alterations in exterior appearance or make structural modifications to his Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements, Limited or General, without the express written approval of the Board of Directors, including without limitation exterior painting or the erection of antennas, lights, aerials, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards or other exterior attachments or modifications. No Co-owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves or any element which affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the

Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

Section 4. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, Limited or General, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 5. Pets. No animals, including household pets, except 1 dog or 1 cat which shall not exceed 40 pounds in weight, shall be maintained by any Co-owner unless specifically approved in writing by the Association. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements, Limited or General. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. No dog which barks can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted Rules and Regulations.

Section 6. Aesthetics. The Common Elements, Limited or General, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Garage doors shall be kept closed at all times except as may be reasonable necessary to gain access to or from any garage. No unsightly condition shall be maintained on any patio, porch, or deck and only furniture and equipment

consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 7. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation use, may be parked or stored upon the premises of the Condominium, unless parked in an area specifically designated therefor by the Association. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises.

Section 8. Advertising. No signs or other advertising 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, without written permission from the Association and, during the Construction and Sales Period, from the Developer.

Section 9. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than 50% of the Co-owners in number and value, except that the Co-owners may not revoke any regulation or amendment prior to the First Annual Meeting of the entire Association.

Section 10. Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the

Common Elements or to another Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to his Unit and any Limited Common Elements Appurtenant thereto during all periods of absence, and in the event of the failure 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 his Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

Section 11. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements without the prior written approval of the Association.

Section 12. Common Element Maintenance. Sidewalks, yards, landscaped areas, driveways, roads, parking areas and porches shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements.

Section 13. Co-owner Maintenance. Each Co-owner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is excluded by virtue of a deductible provision (in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 14. Reserved Rights of Developer.

(a) **Developer's Rights In Furtherance of Development and Sales.** None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Construction and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in the Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer 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 enable development and sale of the entire Project by Developer, and may continue to do so during the entire Construction and Sales Period. Developer shall restore the areas so utilized to habitable status upon termination of use.

(b) **Enforcement of Bylaws.** The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Construction and Sales Period notwithstanding that it may no longer own a Unit in the Condominium which right of enforcement may include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of 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.

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 when voting by number and one vote, the value of which shall equal the total of the percentages allocated to the Unit owned by such Co-owner as set forth in

Article V of the Master Deed, when voting by value. Voting shall be by value except in those instances when voting is specifically required to be both in value and in number.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting the Developer shall be entitled to vote for each Unit which it owns.

Section 3. Designation of Voting Representative. Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 35% of the Co-owners in number and in value qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50% in value 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 and may

require such majority to be one of both number and value 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 Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some 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% in number of the Units in the Project (determined with reference to the recorded Consolidating Master Deed) have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to nondeveloper Co-owners of 75% in number of all Units that may be created or 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, 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 which the Developer is permitted, under the Condominium Documents as may be amended, to include in the Condominium.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the second Tuesday of April 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 Board of Directors. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by 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. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Co-owner of record, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association shall be deemed due notice.

Section 6. Adjournment. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspector of elections (at annual meetings or special meetings held for purpose of election of Directors or officers); (g) election of Directors (at annual meeting or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meeting of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 8. Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof.

All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by 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

Within 1 year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of 1/3 of the total number of Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least 2 non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that, if more than 50% in number and in value of the non-developer Co-owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the non-developer Co-owners and to aid the transition of control of the Association from the Developer to purchaser Co-owners. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall initially be comprised of 3 members and shall continue to be so comprised until enlarged to 5 members in accordance with the provisions of Section 2 hereof. Thereafter, the affairs of the Association shall be governed by a Board of 5 Directors all of whom must be members of the Association, except for the first Board of Directors, or its successors as selected by the Developer. Directors' compensation, if any, shall be set by the affirmative vote of 60% of all Co-owners. Directors of the Association who serve prior to the Transitional Control Date shall receive no compensation.

Section 2. Election of Directors.

(a) **First Board of Directors.** The first Board of Directors or its successors as selected by the Developer, shall be composed of 3 persons and such first Board of Directors or its successors as selected by the Developer shall manage the affairs of the Association until the appointment of the first non-developer Co-owners to the Board. Immediately prior to the appointment of the first non-developer Co-owners to be Board, the Board shall be increased in size from 3 persons to 5 persons. Thereafter, elections for non-developer Co-owner Directors shall be held as provided in subsections (b) and (c) below.

(b) **Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting.** Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% in number of the Units that may be created, 1 of the 5 Directors shall be selected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% in number of the Units that may be created, 2 of the 5 Directors shall be elected by non-developer Co-owners. When the required percentage levels of conveyance have been reached, the Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required Director or Directors, as the case may be. Upon certification by the Co-owners to the Developer of the Director or Directors so elected, the Developer shall then immediately appoint such Director or Directors to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

(c) Election of Directors at and After First Annual Meeting.

(i) Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% in number of the Units that may be created, the non-developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least 1 Director as long as the Units that remain to be created and sold equal at least 10% of all Units that may be created in the Project. Whenever the 75% conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

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

(iii) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsection (ii), 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 1 member as provided in subsection (i).

(iv) At the First Annual Meeting 3 Directors shall be elected for a term of 2 years and 2 Directors shall be elected for a term of 1 year. At such meeting all nominees shall stand for election as 1 slate and the 3 persons receiving the highest number of votes shall be elected for a term of 2 years and the 2 persons receiving the next highest number of votes shall be elected for a term of 1 year. At each annual meeting held thereafter, either 2 or 3 Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for 2 of the Directors elected at the First Annual Meeting) of each Director shall be 2 years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(v) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article IX, Section 3 hereof.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Co-owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

- (a) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.
- (b) To collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty.

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

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

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

(h) To make rules and regulations in accordance with Article VI, Section 9 of these Bylaws.

(i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

(j) To enforce the provisions of the Condominium Documents.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association. Vacancies among non-developer Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with

due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than 50% in number and in value 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-owner shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. 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 10 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 10 days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on 3 days' notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner 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 meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Adjournment. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 24 hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes

thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

Section 14. Fidelity Bonds. The Board of Directors 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 Vice President, a Secretary and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two offices except that of President and Vice President may be held by one person.

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

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

(c) **Secretary.** The Secretary shall keep the minutes of all meetings of the 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.

(d) **Treasurer.** The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and

disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners 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 Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

ARTICLE XVI

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of

Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by 1/3 or more in number of the Co-owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. Voting. These Bylaws may be amended by the Co-owners at any regular meeting or a special meeting called for such purpose by an affirmative vote of not less than 66-2/3% of all Co-owners in number and in value. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of 66-2/3% of mortgagees shall be required with each mortgagee to have one vote for each mortgage held.

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the right of a Co-owner or mortgagee.

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

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVII

COMPLIANCE

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

ARTICLE XVIII

DEFINITIONS

All terms used herein shall have the same meaning as set forth in the Master Deed to which

these Bylaws are attached as an Exhibit or as set forth in the Act.

ARTICLE XIX

REMEDIES FOR DEFAULT

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 attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-owner be entitled to recover such attorneys' fees.

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit and the improvements thereon, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association 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, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of 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 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.

ARTICLE XX

ASSESSMENT OF FINES

Section 1. General. The violation by any Co-owner, occupant or guest of any of the provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur as a result of his personal actions or the actions of his 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 Board, the following procedures will be followed:

(a) **Notice.** Notice of 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 Board and offer the evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, but in no event shall the Co-owner be required to appear less than 10 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 Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board'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 Board as recited above, the following fines shall be levied:

- (a) **First Violation.** No fine shall be levied.
- (b) **Second Violation.** Twenty-Five Dollar (\$25.00) fine.
- (c) **Third Violation.** Fifty Dollar (\$50.00) fine.
- (d) **Fourth Violation and Subsequent Violations.**
One Hundred Dollars (\$100.00) 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 Document including, without limitations, those described in Article II and Article XIX of the Bylaws.

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to the acceptance of such powers and rights and such assignee or transferee thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or retained by Developer or its successors shall expire and terminate, if not sooner assigned to the Association, at the conclusion of the Construction and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the expiration and termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XXII

SEVERABILITY

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

ARTICLE XXIII

LITIGATION

Section 1. General. The requirements of this Article XXIII shall govern the Association's commencement and conduct of any civil action except for actions to enforce the Bylaws of the Association or collect delinquent assessments. The requirements of this Article XXIII will ensure that the members of the Association are fully informed regarding the prospects to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each member of the Association shall have standing to sue to enforce the requirements of this Article XXIII. The following procedures and requirements apply to the Association's commencement of any civil action other than in action to enforce the Bylaws of the Association or collect delinquent assessments:

(a) The Association's Board of Directors ("Board") shall be responsible in the first instance for recommending to the members that a civil action be filed, and supervising and directing any civil actions that are filed.

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

(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:

(i) It is in the best interest of the Association to file a lawsuit;

(ii) That 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 Association without success;

(iii) Litigation is the only prudent, feasible and reasonable alternative; and

(iv) The Board's proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative.

(c) A written summary of the relevant experience of the attorney ("litigation attorney") the Board recommends be retained to represent the Association in the proposed civil action, including the following information:

(1) The number of years the litigation attorney has practiced law; and

(2) The name and address of every condominium and/or 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 Association's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.

(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 the 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 both in total and on a monthly per Unit basis, as required by subparagraph (f) of this Article XXIII.

(c) If the lawsuit relates to the condition of any of the Common Elements, the Board 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 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 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 members of the Association have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to the replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all members with the written notice of the litigation evaluation meeting.

(d) The Association shall have a written fee agreement with the litigation attorney, and any other attorney retained to handle the proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee agreement unless the existence of the agreement is disclosed to the members in the text of the Association's written notice to the members of the litigation evaluation meeting.

(e) At the litigation evaluation meeting the members shall vote on whether to authorize the Board to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney. The commencement of any civil action by the Association (other than a suit to enforce the Association Bylaws or collect delinquent assessments) shall require the approval of two-thirds majority in number and in value. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting.

(f) All legal fees incurred in pursuit of any civil action that is subject to this Article XXIII shall be paid by special assessment of the members of the Association ("litigation special assessment"). The litigation special assessment shall be approved at the litigation evaluation meeting (or at any subsequent duly called and noticed meeting) by a majority in number and in value of all members of the Association in the amount of the estimated total cost of the civil action. 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 cost of the civil action, as estimated by the attorney actually retained by the Association. The litigation special assessment shall be apportioned to the members in accordance with their respective percentage of the value interests in the Condominium and shall be collected from the members on a monthly basis. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

(g) During the course of any civil action authorized by the members pursuant to this Article XXIII, the retained attorney shall submit a written report ("attorney's written report") to the Board every thirty (30) days setting forth:

(1) The attorney's fee, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) days period immediately preceding the date of the attorney's written report ("reporting period").

(2) Actions taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period.

(3) A detailed description of all discussions with opposing counsel during the reporting period, written and oral, including but not limited to, settlement discussions.

(4) 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.

(5) Whether the originally estimated total cost of the civil action remains accurate.

(h) The Board shall meet monthly during the course of any civil action to discuss and review:

(1) The status of the litigation.

(2) The status of settlement efforts, if any.

(3) The attorney's written report.

(i) If at any time during the course of a civil action, the Board determines that the originally estimated total cost of the civil action or any revisions thereof is inaccurate, the Board shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the members, the Board shall call a special meeting of the members to review the status of the litigation, and to allow the members to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting.

(j) The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action subject to this Article XXIII ("litigation expenses") shall be fully disclosed to members in the Association's annual budget. The litigation expenses for each civil action subject to this Article XXIII shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget.

(k) This Article XXIII may be amended, altered or repealed by a vote of not less than 66-2/3% of all members of the Association.

DECLARATION OF EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE STRATFORD COMMUNITY

This Declaration of Easements, Covenants, Conditions and Restrictions for the Stratford Community ("Declaration") is executed on the 30th day of June, 2000 between ADCO-STRATFORD VILLAGE, L.L.C., a Michigan limited liability company, whose address is 21580 Novi Road, Suite 200, Novi, Michigan 48375 (the "Declarant"), and the CITY OF STERLING HEIGHTS, a Michigan municipal corporation, whose address is 40555 Utica Road, Sterling Heights, Michigan 48311-8009 ("City").

RECITALS:

A. Declarant is fee simple owner of a certain parcel of land located in the City of Sterling Heights, Macomb County, Michigan, more particularly described on **Exhibit A-1** and depicted on **Exhibit A-2** attached hereto and made a part hereof (the "Stratford Community"), which Declarant presently intends to establish as a planned condominium community with not more than two hundred thirty (230) Condominium Units.

B. Certain portions of the Stratford Community are presently intended by Declarant to be developed as separate residential condominiums governed by Condominium Associations; and certain portions of the Stratford Community are presently intended by Declarant to be dedicated to use for the benefit of all the Owners. All Units, Owners, Residential Condominium Areas and Condominium Associations shall be subject to this Declaration.

C. The Community Areas, as hereinafter defined, will consist in the first instance of those areas more particularly described in Article I, Section 2 hereof and may ultimately include additional areas.

D. Declarant desires to extend to Owners the right to utilize and benefit from the Community Areas and to provide a permanent method for the support and upkeep of the Community Areas.

E. Declarant further desires to provide for the continuing attractiveness of the Stratford Community by making provision for community appearance standards and coordinated administration of those items of exterior maintenance related to community appearance, all other areas intended for the common use and enjoyment of all Owners in the Stratford Community, and other requirements and restrictions necessary or desirable for the effective operation, use and enjoyment of the Stratford Community.

F. Declarant further desires to make provisions for various easements, restrictions and regulations to facilitate the effective development, construction, marketing and operation of the Stratford Community.

G. Declarant and the City wish to enter into this Declaration at this time to regulate the use, maintenance and control of the Residential Condominium Areas and the Community Areas within the Stratford Community.

NOW, THEREFORE, Declarant hereby declares the Stratford Community shall be held, sold, conveyed, mortgaged and interests herein transferred subject to the following easements, restrictions, covenants and conditions, which are for the purposes set forth above and for the purposes of protecting the value and desirability of the Stratford Community.

ARTICLE I

DEFINITIONS

Section 1. **Bylaws.** "Bylaws" shall mean the corporate Bylaws of the Stratford Association, as provided for under the Michigan Nonprofit Corporation Act, setting forth certain rights and obligations of the Members.

Section 2. **Community Areas.** "Community Areas" shall mean all the real property now or hereafter dedicated and declared by Declarant for the common use and enjoyment of all of the Owners. The initial Community Areas are designated on attached **Exhibit B**. Some Community Areas, such as certain Community Landscaping Areas, are located within the Saal Road and 19 Mile Road public rights-of-way, but are still considered part of the Stratford Community and are required to be maintained by the Stratford Association. Exhibit B shall be amended to include additional Community Areas within the Property North of 19 Mile Road upon development of the Property North of 19 Mile Road. The Community Areas are described more fully in Article III, Section 1 of this Declaration. No area shown or indicated on any plan or plat of any portion of the Stratford Community shall be considered as a Community Area unless and until it has been dedicated and declared by Declarant for the common use and enjoyment of the Owners in the Stratford Community by this Declaration or another recorded instrument executed by Declarant.

Section 3. **Condominium Associations.** "Condominium Associations" shall mean the non-profit corporations whose members consist of Owners respectively and collectively responsible for the maintenance, administration, management and operation of the Residential Condominium Areas. The names of the Condominium Associations corresponding to the Residential Condominium Area projects South of 19 Mile Road, initially are anticipated to be the Stratford Village Regents, Stratford Village Terraces and the Stratford Village Townes and Manors and the location of each of these anticipated Residential Condominium Areas is depicted on the attached **Exhibit F**. This Declaration shall apply to these and any other or additional Condominium Associations now or hereafter created within the Stratford Community, except to the extent the Property North of 19 Mile Road hereafter elects to opt out of the Stratford Association.

Section 4. **Condominium Unit.** "Condominium Unit" or "Units" shall mean any residential Condominium Unit, as defined in Act 59 of Michigan Public Acts of 1978, as amended, developed within the Stratford Community.

Section 5. **Declarant.** "Declarant" shall mean and refer to ADCO STRATFORD VILLAGE, L.L.C., a Michigan limited liability company, and/or its successors and assigns.

Section 6. **Developer.** "Developer" shall mean any person designated as the developer in a master deed recorded against all or any part of the Stratford Community, including any successor developer.

Section 7. **Homeowner.** "Homeowner" shall mean any Owner who purchases a Unit with the intent to reside there.

Section 8. **Member.** "Member" shall mean a member of Stratford Association. Initially, the Developer shall be the sole member of the Stratford Association and, after the Transition Date each individual Condominium Association shall become a Member of the Stratford Association.

Section 9. **Owner.** "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title (or in the case of any property which is the subject of a validly existing land contract, the land contract vendee) to any parcel of land or Unit which is within the Stratford Community, except that one holding any such interest merely as security for the performance of an obligation shall not be deemed an owner.

Section 10. **Property North of 19 Mile Road.** "Property North of 19 Mile Road" shall mean the portion of the Stratford Community North of 19 Mile Road, as legally described and depicted on Exhibit C, which may be developed by the Declarant or its successors or assigns into one or more condominium projects. The Property North of 19 Mile Road shall be part of the Stratford Community upon the terms and conditions set forth herein; provided, however, Developer shall have the right to permit the Property North of 19 Mile Road to opt out of the Stratford Community upon the terms and conditions set forth in Article V, Section 17 below.

Section 11. **Residential Condominium Areas.** "Residential Condominium Areas" or "Residential Condominium Projects" shall mean those portions of the Stratford Community which may be developed as a condominium project pursuant to a recorded master deed. Initially the Residential Condominium Areas shall mean those portions of the Stratford Community depicted on the attached Exhibit F.

Section 12. **Stratford Association.** "Stratford Association" shall mean the Michigan non-profit corporation known as the Stratford Community Association which will be established by Declarant, pursuant to the Articles of Incorporation and Bylaws for the purpose of operating, managing and maintaining the Stratford Community and its Community Areas.

Section 13. **Transition Date.** "Transition Date" shall mean 90 days after the date fee title to the last and final Unit within the Stratford Community has been transferred to a Homeowner; provided, however, if a master deed is not recorded with respect to all or any part of the Property North of 19 Mile Road within 60 days after the date the last and final Unit for a residential condominium south of 19 Mile Road (the "Last Unit South of 19 Mile Road") has been transferred to a Homeowner, then the Transition Date shall be 120 days after the date of the transfer of fee title to the Last Unit South of 19 Mile Road to a Homeowner.

ARTICLE II

ESTABLISHMENT AND OPERATION OF THE STRATFORD ASSOCIATION

Section 1. **The Stratford Association.** The general purpose of the Stratford Association is to encourage and to promote the high standards of management and maintenance for the land included in the Stratford Community, and to assist the Members of the Stratford Association in maintaining the Stratford Community as a high quality residential condominium development. In furtherance of such purposes, the Stratford Association shall have such power and authority as are conferred upon it in its Articles of Incorporation and Bylaws and by this Declaration. Its Board of Directors shall be vested with and shall exercise all powers and authorities thus conferred upon it.

a. The Declarant shall have sole and exclusive control of the Board of Directors and appoint all officers of Stratford Association, and Declarant shall have sole and exclusive control of the Community Areas until the "Transition Date." Declarant, in its sole and absolute discretion, may transfer control and jurisdiction over all or any part of the Community Areas including, without limitation, all or any part of the Garden Area to Stratford Association at any time before the Transition Date if done in a writing signed by Declarant. Each Developer shall notify the Declarant periodically in writing as to the status of sale of Units to Homeowners. Based upon such information, when the Declarant discovers that the Transition Date has occurred, the Declarant shall so notify in writing each Developer and the respective Condominium Association.

b. At and after the Transition Date, each Condominium Association shall, as a Member, be entitled to one (1) vote and shall elect the Board of Directors and Officers of Stratford Association; provided, however, Declarant shall maintain a seat on the Board of Directors of Stratford Association, shall appoint its President and shall have a veto over all Stratford Association decisions until such time as fee title to the last Unit in Stratford Community is transferred to a Homeowner. The votes of each Member may be cast by the President of the respective Condominium Association or by the President's proxy or such other designee as may be authorized to act for the President under the Bylaws of such Condominium Association. Each Member shall be entitled to one (1) vote irrespective of the number of Condominium Units under the jurisdiction of the respective Condominium Association.

c. The presence in person or by proxy of Members entitled to vote, representing at least fifty (50%) percent in number of the Members shall constitute a quorum for holding a meeting of the Members of the Stratford Association, except for voting on questions specifically required herein, or in the Articles of Incorporation or Bylaws of the Stratford Association, to require a greater quorum. The written vote of a President of a Condominium Association or representative appearing on behalf of the respective Condominium Association 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.

d. Votes may be cast in person, by proxy 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 Stratford Association at or before the appointed time of each meeting of the Members of the Stratford Association. Cumulative voting shall not be permitted.

e. Initially, the Board of Directors of Stratford Association shall select and employ a professional management agent, and this shall be the same professional management agent retained by the Condominium Associations. After the Transition Date, the Board of Directors shall hold regular meetings no more frequently than once every other month (six times per year) and those meetings shall be held during the months that the Boards of Directors of the Condominium Associations do not meet, with the intention that each month there would be a meeting either of the Board of Directors of the Stratford Association or the Boards of Directors of each of the respective Condominium Associations.

f. Other provisions as to voting by Members, not inconsistent with the provisions herein contained, may be set forth in the Articles of Incorporation or Bylaws of the Stratford Association.

ARTICLE III

COMMUNITY AREAS AND EASEMENTS RELATED THERETO

Section 1. **Nature and Extent of Community Areas.** In addition to the Community Areas more particularly described in this Section hereof, Declarant may declare, dedicate and designate such additional Community Areas as it, in its sole discretion, deems appropriate, whether of an aesthetic, utilitarian, administrative, recreational or other nature. There is no obligation on the part of Declarant to create, construct, establish, declare, dedicate or designate any particular additional area or additional improvement as a Community Area, unless it has specifically undertaken to do so in this Declaration or in a subsequent recorded instrument. The City shall not have responsibility for maintenance of any Community Areas unless the City, in its discretion, hereafter specifically agrees to assume to have such responsibility in writing. The City shall have responsibility for maintenance of all existing utilities which have been dedicated to the public and/or for public use, and for any future dedication which is agreed to in writing by the City. The storm drainage, sanitary sewer and water facilities within the Community Areas which previously have been dedicated to the public and/or for public use and will be maintained by the City are depicted on the attached **Exhibit D**. Community Areas shall include, but not be limited to:

a. **Roadways.** All existing and future private roads, streets, and related improvements throughout the Stratford Community, but excluding internal drives located with each Residential Condominium Project ("Internal Drive Areas"). Roadways and Internal Drive Areas are depicted on the attached **Exhibit E**. Parking on Roadways is permitted only in those areas designated for parking on Roadways on the attached **Exhibit E**. Parking in Internal Drive Areas is permitted only in those areas designated for parking in a master deed or by a Condominium Association with jurisdiction over its Internal Drive Areas, and then only to those persons authorized to park in such areas. Stratford Association shall maintain the Roadways, and each Condominium Association shall maintain the Internal Drive Areas within its respective Residential Condominium Area.

b. **Community Landscaping Areas.** Landscaped Community Areas within the Saal Road and 19 Mile Road public rights-of-way and any other landscaped areas within or upon Community Areas.

c. Irrigation System. The Irrigation System located in those areas designated by Declarant within the Stratford Community, including all pipes, meters, taps and other related components of the system, to be used for watering and sprinkling of Community Area Landscaping, the Garden Area and any other Community Areas hereafter designated by Declarant.

d. Community Wall and Signage Area. Any areas containing walls and/or signage located at the entrances of the Stratford Community and all other signage identifying the Stratford Community or Roadways within the Stratford Community that may hereinafter be installed by the Declarant or the Stratford Association.

c. Storm Drainage System. The retention basin ("Retention Basin") and rest of the private storm water drainage system including storm water easement areas, open drains, pipes, fountains, culverts and sump pumps, if any. The only portions of the storm drainage system excluded from the definition "Community Areas" are pipes, sump pumps, leads and similar items located between a Roadway and a Unit (and within a Unit), and any portion of the storm drainage system now or hereafter dedicated to the public and/or for public use.

d. Land. All other land (including improvements thereon) now or hereafter designated as a Community Area on **Exhibit B**.

e. Electrical. The electrical transmission systems throughout the Community Areas, together with common lighting situated in the Community Areas. There is no requirement on the part of Declarant to install common lighting but Declarant reserves the right to do so, either within the Community or Residential Condominium Areas. Any common lighting shall be maintained, repaired and replaced by the Stratford Association.

f. Limited Recreation Areas. Open spaces and areas designated for limited recreation on **Exhibit B**. These areas may be used only for limited recreation purposes in accordance with any rules or regulations established by the Declarant, or by Stratford Association after the Transition Date.

g. Easements. All easements across all or any part of the Stratford Community which the Declarant and, after the Transition Date, the Stratford Association, in their sole discretion, deem necessary or appropriate for access to, and/or use and maintenance of any or all Community Areas and all improvements located therein.

h. Telephone. The telephone transmission mains throughout the Community Areas, to the extent not maintained by a utility company.

i. Gas. The gas distribution system throughout the Community Areas, to the extent not maintained by a utility company.

j. Cable and/or Telecommunications. The cable television and/or telecommunications systems throughout the Community Areas, to the extent not maintained by a utility company.

k. Sanitary Sewer. The Sanitary Sewer system throughout the Community Areas, to the extent not dedicated to the public and/or for public use.

l. Water. The water distribution and lawn irrigation systems throughout the Community Areas, to the extent not dedicated to the public and/or for public use.

m. Detroit Edison Easement Area. Detroit Edison Easement Area shall mean the Community Area subject to the Detroit Edison easement recorded at Liber 1139, Pages 464 and 465, Macomb County Records.

n. Garden Area. Garden Area shall mean the land within the Detroit Edison Easement Area, reserved by the Declarant for the purpose of establishing and maintaining separate garden plots for use by Owners licensing a garden plot under a License Agreement. If Declarant in its discretion elects to establish garden plots for use by Owners, each License Agreement shall provide for payment by Owner of an initial lump sum fee payable to Declarant and annual

license fees payable to Stratford Association. The size of each garden plot and the terms and conditions of each gardening license shall be established by Declarant and, after the Transition Date by the Stratford Association.

Section 2. **Control and Jurisdiction.** All or part of the Community Areas may be located within one or more Residential Condominium Projects created pursuant to a recorded master deed. Notwithstanding anything to the contrary which may be contained in any such master deed or any other document, the Declarant, and after the Transition Date Stratford Association, shall have exclusive control and jurisdiction over all Community Areas; provided, however, any Community Landscaping Area within a public right-of-way, shall be subject to concurrent control and jurisdiction with the City. Declarant, and after the Transition Date Stratford Association, may take any actions and establish any rules and regulations which in their sole discretion they deem necessary or appropriate regarding any matters pertaining to the Community Areas or this Declaration, and may prepare and record any amendments, agreements, documents, or instruments in furtherance thereof ("Future Documents"), subject only to any limitations set forth in Article V, Section 19 below regarding amendments requiring City consent. Any person acquiring a Unit or other property within the Stratford Community shall acquire their interest expressly subject and subordinate to this Declaration including, without limitation, all rights of the Declarant (and after the Transition Date, Stratford Association) to control all matters pertaining to any Community Areas, and subject to the terms and conditions of all Future Documents even if such Future Documents are executed and recorded after the date such person receives fee title to their Unit or other property within the Stratford Community.

Section 3. **Conflict.** If a conflict exists between the areas to be maintained by a particular Condominium Association and the Stratford Association, the Stratford Association's determination shall prevail.

Section 4. **Owners' Easements of Enjoyment of Community Areas.** Declarant hereby dedicates and declares that Declarant, the Stratford Association and the Property North of 19 Mile Road (including all future Owners of all or any part thereof), and every Owner shall have a perpetual non-exclusive easement across all relevant parts of the Stratford Community for the purpose of use and enjoyment of the Community Areas, which right and easement shall be appurtenant to such ownership, and shall include, without limitation, a perpetual, non-exclusive easement for vehicular ingress and egress across all Roadways and pedestrian use of all sidewalks throughout all parts of the Community Areas. The foregoing easements shall be subject to the following:

a. The right of the Stratford Association to make and enforce reasonable rules and regulations to carry out the terms of this Declaration.

b. The right of the Stratford Association to charge fees for the improvement, use or maintenance of any areas or facilities within the Community Areas, which fees shall be utilized solely for the maintenance, upkeep and administration of the Community Areas.

c. The right of the Stratford Association to enjoy access to, construct, maintain and improve the Community Areas for the benefit of the Owners and to permit the use thereof by other persons including, without limitation, owners and occupants of land adjacent to or in the vicinity of the Community Areas, subject only to the approval of all applicable governmental authorities. By way of example, the Declarant and/or Stratford Association may grant one or more easements to the owner of land adjacent to and east of the Stratford Community for ingress and egress across Roadways and certain Internal Drive Areas within the Stratford Community, provided that use by the adjacent land owner satisfies any applicable governmental requirements.

d. The right of the Declarant, at any time within two years after completion of construction of the Stratford Community and any expansion thereof and the conveyance of all Condominium Units therein, (and the Stratford Association thereafter) to enter into agreements with the City, to grant the City private street and storm sewer agreement, to quit claim title and/or to grant easements, licenses, rights-of-entry and rights-of-way over, under and across the Stratford Community and any expansion thereof for utility, access, or other lawful purposes as may be necessary for the general welfare of the Stratford Community or to meet the needs of any one or more of the Residential Condominium Areas.

e. The right of the Declarant, that any time prior to relinquishing control of the Stratford Association to its Members (and the Stratford Association thereafter) to grant easements, licenses, right-of-entry and rights-of-way over

and across the Stratford Community for the purpose of constructing paths for pedestrians, bicycling, skiing, jogging and exercising.

Section 5. **Utility Easements.**

a. The Declarant hereby declares and grants non-exclusive perpetual easements for the benefit of itself, the Stratford Association, the Property North of 19 Mile Road, and all future Owners for access to, use, enjoyment, operation, maintenance, repair and replacement of the Retention Basin, other parts of the storm drainage system, sanitary sewers, the water mains, the natural gas, telephone, telecommunications, and electric power mains and leads throughout the Community Areas (with the exception of the Garden Area). Notwithstanding the foregoing, the width of the easements created herein may be increased to satisfy requirements of governmental agencies and/or utility companies, private or public. The Stratford Association shall be responsible for the payment of the expenses for maintenance, upkeep, repair and replacement of the above-described utility mains and any matters affecting the Community Areas; provided, however, that the foregoing expenses are to be so paid and shared only if such expenses are not borne by a governmental agency or public utility.

Declarant shall also be empowered to grant such easements, licenses, rights-of-entry and rights-of-way, under and across the Community Areas to the City, other public authorities or private utilities, as may be necessary for it to fulfill any responsibilities of construction, maintenance, repair, decoration or replacement of any of the utilities, including without limitation sanitary and storm sewer systems, servicing the Stratford Community.

Section 6. **Delegation of Use.** Any Owner including any future Owners of the Property North of 19 Mile Road, may delegate, in accordance with the duly promulgated rules and regulations for the Community Areas of the Stratford Community, his rights of enjoyment of such Community Areas and facilities to members of his family, his tenants and guests, subject to rules and restrictions established by the Stratford Association.

Section 7. **Retention Basin and Storm Sewer.** Declarant hereby declares and grants a non-exclusive perpetual easement in favor of the Stratford Association, Owners and the Property North of 19 Mile Road for use of the Retention Basin and storm sewer pipes leading into the Retention Basin. The Declarant and the City each may designate the additional lands, if any, entitled to use the Retention Basin in a written instrument to be recorded at the Office of the Register of Deeds for Macomb County, Michigan, which instrument will contain an exact legal description of the lands entitled to use the Retention Basin. Any such designation and use shall be subject to satisfaction of any applicable governmental requirements. At such time as additional lands using the full capacity of the Retention Basin have been so designated, the City will record an instrument at the Office of the Register of Deeds for Macomb County, Michigan, evidencing the fact that all of the lands entitled to use the Retention Basin have been designated and waiving and releasing the right to designate any other lands to use the Retention Basin.

Section 8. **Additional Easements.** Declarant hereby reserves for itself and grants and declares for the benefit of Stratford Association, Owners and the Property North of 19 Mile Road, a non-exclusive perpetual easement for access to, use, enjoyment, maintenance, repair and replacement of Roadways, Community Landscaping Areas, sidewalks, Community Wall and Signage Areas and all other areas and improvements now or hereafter located or to be located in any Community Areas. The Declarant further declares and grants to all Owners of a Unit within the Residential Condominium Project designated as Stratford Village Terraces on the attached Exhibit E a non-exclusive perpetual easement for ingress and egress across Internal Drive Areas located within the Residential Condominium Project designated as Stratford Village Townes and Manors on the attached Exhibit E.

Section 9. **Termination of Easements.** Declarant (and the Stratford Association after the Transition Date) reserves the right to dedicate and convey any Community Area, including any of the Property North of 19 Mile Road, or any part thereof, to the appropriate governmental authority for continued maintenance by such governmental authority. If the appropriate governmental authority, within its sole discretion, accepts a dedication and conveyance of any Community Area, or any part thereof, the obligation of the Declarant and the Stratford Association to maintain such Community Area, or portion thereof, so dedicated, shall terminate, but the right of the Owners of Condominium Units to continue to use such dedicated Community Areas shall continue. At such time, the appropriate governmental authority shall undertake all maintenance obligations with respect to the Community Area, or portion thereof, so dedicated, and the obligation of

Declarant and the Stratford Association with respect thereto shall terminate, except with respect to outstanding Assessments for maintenance obligations as provided for herein.

Section 10. Installation of Landscaping. Declarant shall install within and/or along the Saal Road and 19 Mile Road public rights-of-way certain entranceway improvements and landscaping substantially in accordance with the City approved plans therefor on file with the City.

Section 11. Construction of Roadways and Storm Drainage System. Declarant will construct the Roadways and Storm Drainage System in compliance with applicable City ordinances and regulations.

Section 12. Installation of Irrigation System. Declarant shall install the Irrigation System in accordance with the approved plans on file with the City and in compliance with applicable City ordinances and regulations. The Irrigation System shall be installed in a manner approved by the City which shall minimize the likelihood of damage due to vandalism or any other cause.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Purpose of Assessments. The Stratford Association shall maintain the Community Areas and levy (1) annual assessments or charges, and (2) special assessments for capital improvements or other matters as provided for herein (collectively "Assessments") and collect funds for the purpose of paying for such maintenance. The Stratford Association shall maintain the highly visible portions of the Stratford Community in an aesthetically pleasing condition and in accordance with the approved landscape plan on file with the City. The Assessments levied by the Stratford Association shall be used for such lawful purposes or purposes agreed to by the Stratford Association through its officers or Board of Directors, including, without limitation, to promote the health, safety, welfare and recreation of the residents of the Stratford Community, including, but not limited to the improvement and maintenance, repair and replacement of, and insurance for the Community Areas and all improvements thereon, the maintenance of Residential Condominium Areas and Condominium Units in accordance with the provisions of Article V, Section 5 hereof, the payment of taxes and assessments, if any, levied against the Community Areas and, in general, the carrying out of the purposes set forth in or permitted by this Declaration and for the general welfare of the Stratford Community. The Stratford Association may provide for reasonable reserves for contingencies, replacements and improvements.

Section 2. Method of Assessment. The following shall be assessable:

a. The annual Assessment shall be made against each Condominium Unit in the Stratford Community, by Stratford Association and by the Condominium Association for the Residential Condominium Project in which such Unit is located. The individual Condominium Associations pursuant to their own master deed shall have the responsibility of collecting the Assessments imposed by the Stratford Association upon the Homeowners within their respective Residential Condominium Projects, including but not limited to any annual and special Assessments. Initially, the Developer of each Residential Condominium Project shall have responsibility for payment to Stratford Association of the entire pro rata percentage of Stratford Association's Assessments allocable to the Condominium Association for that particular Residential Condominium Project as set forth in the final column of the chart in Section 2.d. below. In addition, that pro rata percentage shall apply to any parcel(s) of land for which a master deed has not yet been recorded. As a Developer sells Units, the Developer shall pass along its Condominium Association's pro rata percent of Assessments due Stratford Association to the Owners of such Units. The items of expense which are included within the annual Assessment and the amount of the annual Assessment shall be determined by the Stratford Association in its sole discretion, subject to the limitations set forth in this Article IV, Section 2, and shall be subject to proration among the Condominium Associations and Units in accordance with the following:

b. The Stratford Association Assessments shall be allocated and charged to each Condominium Association as set forth in Article IV, Section 2.d. below. The term "Anticipated Number of Condominium Units" shall mean the total number of Condominium Units currently anticipated to be included in each anticipated residential condominium development once the development has been fully completed. This may not reflect the actual value of Units improved with

a residential dwelling or the actual number of Units established upon recording of a master deed for such Residential Condominium Project.

c. The budgeted and actual Assessments shall be determined by the Declarant, in its sole and absolute discretion, until the Declarant relinquishes control of the Board of Directors for Stratford Association at which time the Stratford Association shall determine the budgeted and actual amount of the Assessment.

d. Until such time as fee title to a Unit is transferred to a Homeowner for a completed and habitable condominium unit in a condominium project located with the Property North of 19 Mile Road ("Assessment Inclusion Date"), Assessments shall be allocable to the Developers, Condominium Associations and Owners for those portions of Stratford Community South of 19 Mile Road as follows:

Condominium Association	Number of Anticipated Condominium Units	Particular Condominium Association's Pro Rata Percent of Assessments Due Stratford Association
Stratford Village Regents	28	30.68%
Stratford Village Terraces	48	30.68%
Stratford Village Townes and Manors	47	38.64%
	123	100.00%

If the actual number of Units differs from the anticipated number, then the Declarant shall have the right and duty to prepare and record an amendment to this Declaration adjusting the above numbers and percentages accordingly. Following the Assessment Inclusion Date (assuming said date occurs), the Property North of 19 Mile Road and all Condominium Associations and Units located therein shall commence having responsibility for payment of Stratford Association Assessments, and the Declarant shall have the right and duty to file an amendment to this Declaration reflecting the name of each such Condominium Association and the number of Units therein. The amendment shall set forth the Number of Anticipated Units for the affected Property North of 19 Mile Road, and shall recalculate each Condominium Association's Pro Rata Percent of Assessments due Stratford Association, as determined by Declarant in its good faith discretion. Notwithstanding anything to the contrary contained in this Declaration, the Property North of 19 Mile Road shall enjoy all the rights and benefits set forth in this Declaration at all times after the date this Declaration is recorded, even if the duty to pay Assessments to Stratford Association has not yet begun or never begins.

Section 3. Annual Assessments. The Stratford Association shall levy an annual Assessment against Condominium Associations sufficient to defray the cost of day-to-day maintenance and operation of the Community Areas including, without limitation, the maintenance and operation of fixtures and personal property relating thereto, or the cost of establishing a reserve therefor, provided that any such Assessment shall have the approval, at a meeting duly called for such purpose, of the votes of more than fifty percent (50%) giving one vote for each Condominium Association. Voting at such meeting shall be in person, by proxy or by a written absentee ballot in which the question or questions to be decided are specifically set forth. Notwithstanding the foregoing, special Assessments may be levied by the Stratford Association to relieve any deficiency in the Stratford Association's current operating funds to provide for maintenance, repair and/or replacement of the Community Areas and any facilities therein.

Section 4. Special Assessments. In addition to the annual Assessments authorized above, the Stratford Association may levy a special Assessment against the Condominium Associations for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement upon, within or under any or all of the Community Areas, including, without limitation, fixtures and personal property relating thereto, or the cost of establishing or adding to a reserve therefor, provided that any such Assessment shall have the approval, at a meeting duly called for such purpose, of the votes of more than fifty percent (50%) giving one vote for each Condominium Association. Voting at such meeting shall be in person, by proxy or by a written absentee ballot in which the question or questions to be decided are specifically set forth. Notwithstanding the foregoing, special Assessments may be levied by

the Stratford Association to relieve any deficiency in the Stratford Association's current operating funds to provide for maintenance, repair and/or replacement of the Community Areas and any facilities therein.

Section 5. Amount of Assessments. The amount of both annual and special Assessments for each Condominium Association which is payable to Stratford Association shall be the total amount of each Assessment, multiplied by that particular Condominium Association's Pro Rata Percent of Assessments Due Stratford Association set forth in Section 2.d. above; each Condominium Association shall then charge a pro rata share of the amount of such Assessment to each Unit within its Residential Condominium Project; provided, however, the foregoing shall not apply to any special Assessments levied pursuant to the power reserved to the Stratford Association pursuant to Article V, Section 5 hereof, which shall become assessed by the respective Condominium Associations as provided therein. If the amount of annual Assessments actually collected by Stratford Association prior to December 31, 2000 exceeds the amount of expenditures during this same period, then, to the extent such excess was paid by Developers (and not Homeowners), then such excess amount shall be returned to Developers on an equitable pro rata basis reasonably determined by Declarant, considering the amount of payments actually made by such Developer and consistent with each Condominium Association's Pro Rata Percent of Assessments Due Stratford Association set forth in Section 2.d. above.

Section 6. Date of Commencement and Due Dates. The Stratford Association shall fix the amount of the annual or any special Assessment, subject to the limitations set forth in Article IV, Section 3 hereof, and the amount of Assessments against each Condominium Unit, at least thirty (30) days in advance of each annual and special Assessment. The regular, day-to-day maintenance of the Community Areas will be assessed annually but billed monthly and the special Assessments will be assessed and billed annually, unless otherwise determined by the Stratford Association. Written notice of annual Assessments shall be sent by each Condominium Association to each of their respective Owners, provided, however, that where there is more than one Owner of an Condominium Unit, only one notice need be sent. The due date for payment shall be established and shall be stated in said notice. Each Condominium Association shall, upon demand by any Owner of a Unit in an Condominium Unit, furnish a certificate signed by an authorized person with knowledge setting forth whether or not all Assessments have been paid and setting forth the unpaid amounts, if any, interest charges and due dates. Each Condominium Association shall, upon request by the Stratford Association, promptly report the names and addresses of all Owners who have failed to pay the Assessments levied hereunder. The Declarant shall cause the Stratford Association to begin levying Assessments at such time as Declarant determines, in its reasonable discretion, that the initial Community Area landscaping along 19 Mile Road and Saal Road and around the Retention Basin has been substantially completed.

Section 7. Creation of the Lien and Obligation for Assessments. The annual and special Assessments of the Stratford Association, together with interest, costs, management fees and reasonable attorneys' fees, shall from date of Assessment be a charge and a continuing lien upon the assets of the individual Condominium Associations (and each Condominium Association shall, upon request, grant the Stratford Association a security interest upon their assets) and upon each Condominium Unit against which each such Assessment is made. The Declarant hereby covenants, and each Owner of any Condominium Unit by acquisition of title thereto or an interest therein is deemed to covenant, and agrees to pay to their respective Assessments. (1) annual Assessments or charges, and (2) special Assessments for capital improvements (collectively "Assessments"). Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Condominium Unit at the time within which the Assessment fell due, and both a land contract Purchaser and land contract Seller shall be so personally liable. The personal obligation for the delinquent Assessment shall pass to successor Owners whether or not expressly assumed by them.

Section 8. Effect of Non-Payment of Assessments. Remedies. Any Assessment not paid by the respective Condominium Association within thirty (30) days after the due date (together with expenses of collection set forth below) shall bear interest from the due date at the rate of seven percent (7%) per annum, plus a Fifty Dollar (\$50) administrative fee for each Unit. Additionally, the Stratford Association may set automatic late charges and/or assess fines for the failure of an Condominium Association to pay its Assessments in a timely manner, provided that the same is done on a uniform basis for all Condominium Associations. The Stratford Association may bring an action against an Condominium Association and or the Owner of a Condominium Unit for payment of a delinquent amount. No Condominium Association or Condominium Unit may waive or otherwise escape liability for any reason including, without limitation, for the Assessments provided for herein by non-use of the Community Areas, or for non payment by the Owners.

Section 9. **Subordination of the Lien to Mortgages.** The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage on any of the Units. Sale or transfer of any Condominium Unit shall not affect the Assessment lien. No foreclosure sale or transfer in lieu thereof shall relieve such Condominium Unit from liability for any Assessments thereafter becoming due or from the lien thereof.

ARTICLE V

GENERAL

Section 1. **Remedies for Violations.** For a violation or breach of any of these reservations, covenants, conditions, restrictions, rules and regulations of this Declaration, the Declarant, or the Stratford Association, shall have the right to proceed at law or in equity to compel compliance with the terms hereof or to prevent or obtain damages for the violation or breach of any provision hereof or to seek relief as follows:

a. **Legal Action.** Failure to comply with any of the terms or provisions of this Declaration 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 Declarant or the Stratford Association, or, if appropriate, by an aggrieved Condominium Association. In no event shall a Condominium Association or an Owner have the right to maintain a legal action against the Declarant or the Stratford Association under this Declaration, any master deed or any other document or instrument until and unless the amount in controversy exceeds \$2,500 and not less than 90% of the record Owners within a Residential Condominium Project agree in writing to bring such legal action.

b. **Recovery of Costs.** In any proceeding which arises because of an alleged default under this Declaration of any Condominium Association or the Owner, the Declarant, the Stratford Association or any Member of the Stratford Association seeking enforcement, 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 Owner be entitled to recover attorney's fees.

c. **Abatement.** The violation of any of the provisions of this Declaration or rules and regulations shall also give the Declarant, the Stratford Association or any Member of the Stratford Association, the right, in addition to the rights set forth above, to enter upon any Residential Condominium Area, any Condominium Unit, or any of the Community Areas, where reasonably necessary, and summarily remove, abate or rectify, at the expense of the person or entity committing the infraction, any structure, thing or condition maintained contrary to the provisions of this Declaration. The Stratford Association shall have no liability to any person arising out of its removal, abatement and rectification power authorized herein. The powers herein set forth are granted both generally and specifically in furtherance of Article V, Section 5 hereof.

d. **Assessment of Fines.** The violation of any of the provisions of this Declaration by any Condominium Association or any Owner shall be grounds for Assessment by the Stratford Association, acting through its duly constituted Board of Directors, of monetary fines for such violations against the Condominium Association, or any Owner, as appropriate. No fine may be assessed unless rules and regulations establishing such fine have first been duly adopted by the Board of Directors of the Stratford Association and notice thereof given to the offending Condominium Association or Owner. All fines duly assessed may be collective in the same manner as provided in Article IV of this Declaration. All fines shall be determined by the Stratford Association, in its sole discretion.

e. **Non-Waiver of Right.** The failure of the Declarant, the Stratford Association or of any other entity within the Stratford Community to enforce any right, provision, covenant or condition which may be granted by this Declaration shall not constitute a waiver of the right of the Declarant or Stratford Association or such entity to enforce such right, provision, covenant or condition in the future.

f. **Cumulative Rights, Remedies and Privileges.** All rights, remedies and privileges granted to the Declarant or Stratford Association or any other entity pursuant to any terms, provisions, covenants or conditions of this Declaration shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute any

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 2. Rules and Regulations. The Stratford Association shall have the right to make reasonable rules and regulations to carry out the terms of this Declaration and to fulfill its purposes. Such rules and regulations may include but are not limited to rules and regulations for the following purposes:

- a. Rules concerning the use of the Community Areas and the conduct of users thereof.
- b. Rules establishing minimum standards for maintenance of landscaping and roads within the Residential Condominium Areas and Condominium Units in the Stratford Community.
- c. Rules establishing minimum standards for the exterior appearance of Residential Condominium Areas and Condominium Units in the Stratford Community.

Declarant hereby covenants, and each Owner by acquisition of title thereto is deemed to covenant, to abide by such rules and regulations.

Section 3. Addition of Community Areas and Residential Condominium Areas. Declarant may hereafter add, by separate recorded Declaration or by amendment to this Declaration, other land in the vicinity of the Stratford Community to the Residential Condominium Areas and the Community Areas and incorporate such other land in the Stratford Community. Declarant may also amend this Declaration to include Property North of 19 Mile Road, for purposes of payment of Assessments and inclusion of any Residential Condominium Areas and corresponding Condominium Associations into the Stratford Community governing framework set forth herein; provided, however, the Property North of 19 Mile Road shall enjoy the easements and benefits set forth herein at all times prior to, and regardless of whether such formal incorporation ever occurs. The rights of the Declarant as reserved in this Section 3 shall remain throughout the period of development by Declarant of the Stratford Community.

Section 4. Stratford Association Bank Account. All Assessments collected by Declarant shall be held in and expended from a separate bank account in the name of the Stratford Association. The Stratford Association may, in its sole discretion, open one or more bank accounts to be used for purposes consistent with this Declaration. Said Assessments and the expenditures thereof shall be accounted for pursuant to generally accepted accounting procedures. After the Stratford Association is controlled by the Members of the Stratford Association, and not by the Declarant, the books of account shall be audited 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. The costs of any audit and accounting expenses shall be paid for by the Stratford Association.

Section 5. Maintenance of Residential Condominium Areas and Condominium Units. It shall be the responsibility of the Stratford Association to oversee the attractiveness of the Residential Condominium Areas and Condominium Units in the Stratford Community. In furtherance of the provisions of this Section, the Stratford Association may also undertake certain additional responsibilities, from time to time, as follows:

a. The Stratford Association shall have the right to assume temporary control over any area of the Stratford Community to rectify any condition which shall have been allowed by the Owner thereof to deteriorate to an unaesthetic condition and to assess the relevant Owner and the relevant Condominium Association for maintenance of the neglected Residential Condominium Areas.

b. The Stratford Association shall also have the right, in its sole and absolute discretion, to impose guidelines and requirements, for the maintenance of the Residential Condominium Areas and Condominium Units including, but not by way of limitation, the maintenance of the exterior of the buildings, lawn maintenance, grass-cutting, landscaping, watering, snow removal, and any other maintenance of the Residential and/ or Community Areas.

c. The Stratford Association shall have the right to accept broad delegations of authority from any Owner within the Stratford Community or from any Condominium Association of any condominium project established in

the Stratford Community, to provide technical assistance to such Owner of Condominium Association in any matter of administration or maintenance, or to contract for the provisions of and performance of such services.

d. Generally, the Stratford Association shall have the right to undertake, in its discretion, any responsibilities which promote the general welfare of the Stratford Community so long as any costs in connection therewith are reasonably apportioned among all Owners.

The expense resulting from Stratford Association's increased obligations as provided in subsections (a) through (c) above shall be specially assessed to the Owner(s) benefitting from or causing such condition and the relevant Condominium Association and shall not be an expense of administration chargeable to any other Owners. Such special Assessment shall be a charge and a lien upon the Condominium Unit against which each such special Assessment is made in the same manner as any other Assessment assessed hereunder as described in article IV hereof and giving rise to the remedies described therein.

The Declarant and Stratford Association each shall have an easement of access to all of the Stratford Community to enable it to perform the maintenance and do all things necessary for the furtherance of the purposes of this Declaration, and shall have the right to the use of any portion of the Residential Condominium Areas deemed reasonably and demonstrably necessary to the promotion of the general welfare of the Stratford Community and the furtherance of the purposes of this Declaration.

Section 6. Minimum Maintenance Requirements - Community Areas Except Storm Retention Areas. Stratford Association's responsibility for maintenance of the Community Areas shall include performing the following responsibilities as set forth below and in accordance with applicable City codes and ordinances.

a. Maintaining, repairing and replacing the Community Landscaping Areas in accordance with the approved landscape plan on file with the City. This maintenance obligation of Stratford Association shall include watering and fertilizing, applying weed control, cutting all lawn areas as necessary and replacing any dead or diseased lawn, shrubs or trees which are a part of the Community Landscaping Areas. If for any reason the landscaping for the Community Landscaping Areas within and along Saal Road and 19 Mile Road and around the Retention Basin has not been installed substantially in accordance with the approved landscape plan on file with the City by November 1, 2000, no additional certificates of occupancy or additional building permits for construction of residences upon or within Units will be issued until such approved landscaping is installed. A landscape maintenance bond reasonably satisfactory to the City shall be provided.

b. Maintaining, repairing and replacing the private streets (Roadways) and storm sewers (Storm Drainage System) in accordance with City codes, ordinances, regulations and standards as may be amended from time to time in order to keep the Roadways and Storm Drainage System in a reasonable functioning condition and to prevent any condition from arising which constitutes a public hazard or public nuisance. Stratford Association's responsibility for the proper maintenance, repair and replacement of the Roadways and Storm Drainage System, includes without limitation those Maintenance Obligations described below, and compliance with the terms hereof. All costs including administrative and legal fees, associated with maintaining Roadways or the Storm Drainage System required by this Declaration or with abating any public hazard or public nuisance relating to any Roadway and Storm Drainage System (collectively "Maintenance Obligation") shall be paid by the Stratford Association as provided for herein. Actions by the City to maintain or abate a public hazard or a public nuisance upon a Roadway and Storm Drainage System may include, but not be limited to, the following:

(i) repair of any potholes, large cracks, grade differentials, or deteriorating concrete surfaces, sewer breaks or leaks, or replacement and reconstruction of any Roadway or Storm Drainage System in need of replacement or reconstruction;

(ii) removal of debris or street cleaning of any Roadways necessary to allow safe access by emergency vehicles; and

(iii) taking such remedial action as deemed necessary by the City to ensure that the Roadways and Storm Drainage Systems are maintained in reasonable functioning condition.

Stratford Association shall have the authority to make and enforce regulations pertaining to the use and maintenance of the Roadways and Storm Drainage System, which regulations shall be binding upon all Owners provided same do not conflict with this Section, do not unreasonably interfere with the easements granted to City, and are not less stringent than applicable City Code, regulations, and standards which shall be binding upon the Stratford Association;

c. Maintaining, repairing and replacing the Irrigation System. Stratford Association shall take precautions to ensure that the meters do not freeze and that the system is not damaged or tampered with by any unauthorized person. In addition, Stratford Association shall be responsible for all fees and charges (including applicable water and sewer rate charges as authorized by the City Code or regulations promulgated in accordance with Code), which are due the City in connection with the operation, usage, and/or maintenance of the Irrigation System;

d. Maintaining, repairing and replacing any walls, signage and related improvements within Community Wall and Signage Areas in good order and repair consistent with applicable City codes and ordinances.

e. Keeping all other Community Areas in good order and repair consistent with applicable City codes and ordinances;

f. Removing trash and debris, on a reasonable periodic basis as required to maintain the Community Areas in an aesthetically pleasing condition and in compliance with applicable City codes and ordinances; and

g. Providing emergency access across all parts of the Stratford Community for firefighting or similar emergency public purposes, to the extent necessary to comply with all applicable City codes and ordinances.

Section 7. Minimum Maintenance Requirements - Storm Retention Areas. The Stratford Association shall be responsible for the maintenance of the Retention Basin and any other storm water retention areas which are part of the Community Areas under its control and jurisdiction as set forth herein, to the extent necessary to comply with all applicable City codes and requirements. All storm water retention areas shall be used for no purpose other than retention of surface water (and may install decorative fountains and water displays therein) until such time as the City shall notify the Stratford Association, in writing, that there is no further need for the storm water retention facility. Maintenance of the storm water retention areas shall include (i) keeping the bottom of the storm water retention areas free from silt and debris, (ii) removing harmful algae, (iii) controlling erosion, (iv) keeping lawn areas cut (v) keeping all drainage courses open and free from obstruction, (vi) installing and maintaining Aqua Master "Crown & Geyser" (5 horse power) fountain aerator or equivalent to maintain the water quality of the detention basin; (vii) performing such other maintenance as is reasonable and necessary to allow the storm water retention system to function in the manner in which it was designed and (viii) prohibiting fishing, swimming and all other water recreation, all to the extent necessary to comply with all applicable City codes and requirements and requirements of any other public agency waiving jurisdiction.

Section 8. Failure by the Stratford Association to Perform Minimum Required Maintenance.

a. **Notice of Deficiency.** In the event the Stratford Association shall at any time (i) fail to perform the minimum maintenance required under Article V, Sections 6 and 7, or (ii) permit any public hazard or public nuisance to exist in any of the Community Areas, the City may serve written notice (the "Notice") upon the Stratford Association setting forth in detail the manner in which the Stratford Association has failed to maintain such Community Area. The Notice shall include a demand that all maintenance deficiencies be cured within thirty-five (35) days after receipt of the Notice by the Stratford Association.

b. **Appeal of Determination; Hearing.** If the Stratford Association wishes to challenge the need for the requested maintenance, the Stratford Association may, within thirty (30) days after its receipt of the Notice, request a hearing before the City Council or such other board, body, or official of the City to whom the City Council shall delegate such responsibility (the "Hearing Body"). In the event of such a request, a hearing shall be held within a reasonable time after the receipt by the City of the request. At such hearing, the Hearing body shall, in the good faith exercise of reasonable

judgment, determine whether or not the Notice from the City was appropriate, and shall affirm, modify, or reverse the terms of the Notice with respect to the maintenance deficiencies to be cured and/or the time period for curing.

c. **Failure to Cure Deficiency.** If the maintenance deficiencies set forth in the Notice (as modified by the Hearing Body) are not cured within the time period specified in the Notice (as modified by the Hearing Body), the City may, but shall not be obligated to (except to the extent required by Paragraph e of this Section 8), enter upon the affected Community Areas and maintain the same to the extent necessary to abate a public hazard or public nuisance or cause such Community Areas to be in compliance with applicable City codes and ordinances for a period of one (1) year or for a lesser time period if the City reasonably determines that the Stratford Association is ready and able to maintain such Community Areas to the extent necessary to comply with all applicable City codes and requirements and abate such hazard or nuisance. Such activities by the City shall not constitute a taking of any Community Areas nor vest the public with any right to use the same.

d. **Resumption of Maintenance after Appeal.** Before the expiration of such one (1) year period, the City shall if requested by the Stratford Association, cause the Hearing Body to conduct a hearing to determine whether the Stratford Association is ready and able to maintain such Community Areas in accordance with the terms of this Agreement. If after such hearing the Hearing Body, in the good faith exercise of reasonable judgment, determines that the Stratford Association is not ready and able to maintain such Community Areas in the required condition, the City may, in its discretion, continue to maintain such Community Areas during the next succeeding year, subject to the right of the Stratford Association to request a similar hearing and determination for each succeeding year. If the Stratford Association does not request such a hearing to review whether maintenance should be done by the City for the succeeding year, the City may, at its option, provide maintenance of such Community Areas during the next succeeding year, but shall not be required to do so.

e. **Obligatory Maintenance by the City.** Anything contained herein to the contrary notwithstanding, in the event the Stratford Association shall at any time fail to perform such maintenance as is reasonable and necessary to allow the storm water retention system to function in the manner in which it was designed (the "Retention Maintenance Obligation") the City shall perform the Retention Maintenance Obligation in accordance with the requirements and provisions of this Declaration. The City acknowledges and agrees that its obligation to perform Retention Maintenance Obligation shall be obligatory and not discretionary, notwithstanding any other provisions of this Article V. The foregoing shall not obligate the City to perform any other maintenance obligations with respect to any of the Community Areas other than to a storm retention area which is not properly functioning. It is the intention of the parties that the maintenance obligation of the City be discretionary except for the Retention Maintenance Obligation which shall be mandatory.

Section 9. **Emergency Access.** If an emergency threatening the public health, safety or general welfare is determined by the City to exist with respect to any Community Area, the City shall have the right to immediately and without notice take appropriate corrective action.

Section 10. **Recovery of Cost by City.**

a. **Assessment and Billing.** The reasonable cost of any maintenance or emergency action performed by the City pursuant to Article V, Section 8 and 9, plus a reasonable administrative fee with respect to the cost of such maintenance performed by the City or its agents, and any fees or charges due the City in connection with operation, usage and/or maintenance of the Irrigation System, shall be billed to the Stratford Association and passed on to the respective Condominium Associations and Homeowners pro rata in the same manner as Assessments. If the invoice remains unpaid for thirty (30) days after receipt by the Stratford Association, it shall be assessed equally against each Condominium Unit in the Stratford Community and collected in the same manner as provided by law for real property tax assessments and general real property taxes, including the provisions relating to interest, penalty, and foreclosure.

b. **Waiver of Special Assessment Procedure.** This Agreement shall be considered an "assessment by contract" in accordance with Section 47-27 of the Code of Ordinances of the City and shall operate as the complete special assessment procedure with respect to the subject matter hereof and all other requirements for special assessments imposed upon the City by statute, charter, or ordinance are expressly waived by the Owners of the Condominium Units.

c. **Subrogation.** The City shall be, at its option, subrogated to the right of the Stratford Association to proceed against the individual Members of the Stratford Association or against Owners of any Condominium Units with respect to the collection of the maintenance costs incurred by the Stratford Association, if the City shall, by resolution, give thirty (30) days written notice to each Member of the Stratford Association of the City's election to be so subrogated.

d. **Additional Remedies Regarding Irrigation System.** In addition to other remedies available for violation of any provision of this Declaration relating to the Irrigation System or violation of any City Code provision relating to the Irrigation System and the City water system, the City may at its option: (a) disconnect or arrange the disconnection of a maintenance meter servicing all or part of the Irrigation System and suspend water service to the affected Community Area until the meter is disconnected; (b) charge the Stratford Association for whatever water or sewer charges the City Department of Public Services determines should have been charged during the breach or violation of this Declaration or the applicable City Code provisions; and (c) issue an ordinance complaint for violation of the City Code which must be answered in District Court. The foregoing remedies shall be available only if the City has first notified the Stratford Association in writing of the violation and the Stratford Association has failed to remedy the violation within a reasonable period of time after receipt of such notice.

Section 11. **Billing of Assessments Made by City.** Declarant hereby consents that taxes assessed against the Community Areas may be prorated among the Condominium Units and billed as part of the taxes assessed to the individual Condominium Units.

Section 12. **Inspection; Fees.** Inspectors for the City shall be permitted at any reasonable time(s) to inspect any Community Areas to assure compliance with the maintenance requirements set forth in this Agreement. Such maintenance inspections by the City shall be conducted on a periodic basis, and monthly between the months of April and November of each year, or on such other reasonable schedule as the City shall determine. The Stratford Association shall pay to the City a reasonable inspection fee which shall be determined in the good faith exercise of reasonable judgment by the City from time to time, but in any event not less than \$25.00 per inspection. In the event the inspection fees are not paid within thirty (30) days after receipt by the Stratford Association of an invoice for such inspection fees from the City, the City may collect the same in the manner provided in Article V, Section 10 hereof.

Section 13. **Additional Use of Community Areas.** Once the Declarant relinquishes control over the Community Areas to the Stratford Association, additional uses for any Community Area may be established if approved in writing by not less than seventy-five percent (75%) of the Condominium Associations, each represented by one (1) vote, and thereafter ratified by the City Planning Commission.

Section 14. **Indemnification.** The Stratford Association agrees to the fullest extent permitted by law to indemnify and hold the City, its elected and appointed officials, employees, and others employed by the City harmless against any and all loss, cost, damage, expense, claims, demands, and suits, including, but not limited to, any damages which may be assessed, claimed or recovered against or from the City, its elected or appointed officials, employees and others working on behalf of the City, by reason of any personal injury, including bodily injury and death and/or property damage (including loss of use thereof), which arises out of or is in any way connected with the performance by the indemnifying party of its maintenance obligations under this Agreement, except for such personal injury, including bodily injury and death and/or property damage (including loss of use thereof), which arises out of the acts or omissions of the City, its elected or appointed officials, employees, or others working on behalf of the City.

Section 15. **Insurance.**

a. **General Requirements.** The Stratford Association shall procure and maintain commercial and general liability insurance on an occurrence basis with limits of liability not less than \$1,000,000.00 per occurrence and/or aggregate, combined single limit personal injury, bodily injury, and property damage. Such coverage shall include contractual liability insurance. The City reserves the right to review the amount of required insurance coverage on a periodic basis but no more often than annually.

b. **Non-Cancellation Provision.** All insurance coverage required hereunder shall include an endorsement stating that thirty (30) days advance written notice of any cancellation, non-renewal and/or material change shall be sent to:

Risk Manager
City of Sterling Heights
P. O. Box 8009
Sterling Heights, MI 48311-8009

c. **Purchase of Insurance by City for Stratford Association or Declarant.** If the Stratford Association fails to secure or maintain the required insurance, the City may, at its option, but shall not be required to, secure such insurance on behalf of the Stratford Association. The reasonable costs incurred by the City in securing such insurance, plus a reasonable administrative fee, shall be billed to the Stratford Association. In the event such invoice is not paid within thirty (30) days after receipt by the Stratford Association, the City may collect the same in the manner provided herein.

d. **Certificates of Insurance.** The Stratford Association shall provide to the City, upon the recording of the first Master Deed for one of the condominium projects which contains any Community Areas, two (2) copies of the certificate of insurance for commercial and general liability insurance, which shall be on the standard City form.

e. **Renewal Certificates.** If any of the insurance coverages required hereunder expire during the term of this Agreement the Stratford Association shall deliver renewal certificates and/or policies to the City at least ten (10) days prior to the expiration date.

Section 16. Consent Judgment. A certain first amended consent judgment ("Consent Judgment") between Declarant and the City relating to the Stratford Community was entered on February 11, 1999. Declarant and the City acknowledge that this Declaration is intended to help implement development of the Stratford Community consistent with the spirit and intent of the Consent Judgment. The Stratford Association, each Condominium Association and each Owner shall comply with all terms and conditions of the Consent Judgment as it may be now or hereafter amended. In the event of a material and irreconcilable conflict between a term or condition in this Declaration and the Consent Judgment, as it may be now or hereafter amended, the Consent Judgment shall be controlling. Declarant may, in its sole and absolute discretion, amend all or any portion of the Consent Judgment without the written consent of any Condominium Association, any Owner, or any other person or entity, provided the City agrees in writing to such Amendment.

Section 17. Declarant's Present Intention Regarding Property North of 19 Mile Road. While it is Declarant's present intention to include the Property North of 19 Mile Road within the Stratford Community as finally developed, Declarant reserves the right, in its sole and absolute discretion, to cause the Property North of 19 Mile Road to opt out of the Stratford Community, to refrain from recording one or more master deeds respecting development of Property North of 19 Mile Road, or to otherwise include the Property North of 19 Mile Road in the Stratford Community development, subject only to obtaining the City's consent if required pursuant to the Consent Judgment. Notwithstanding anything to the contrary contained in this Declaration, at all times the Property North of 19 Mile Road shall have the perpetual right to use the Retention Basin, Roadways and all other Community Areas and shall enjoy all the easements, rights and benefits set forth in this Declaration, regardless of the nature or timing of development of all or any part of the Property North of 19 Mile Road, and regardless of whether all or part of the Property North of 19 Mile Road is obligated to pay Assessments to Stratford Association.

Section 18. Duration; Amendment. The provisions of this Declaration shall run with and bind all land within the Stratford Community for a period of twenty (20) years from the date hereof, after which time they shall be extended automatically for successive periods of ten (10) years each unless at least sixty percent (60%) of the Owners in each Residential Condominium Project within the Stratford Community vote to limit or remove the provisions hereof; provided, however, all utility easements contained in this Declaration shall be perpetual. Prior to the Transition Date, this Declaration may be amended or restated in its entirety upon the sole discretion of the Declarant or its successors or assigns for the purpose of creating additional easements, altering or amending existing easements, adding additional Community Areas and Residential Condominium Areas, clarifying or amplifying some portion or portions hereof including, without limitation,

the absolute right of the Property North of 19 Mile Road and all future Condominium Projects, Condominium Associations and Units located therein to enjoy the full use and benefit of all Community Areas, or for any other lawful purpose. All of the Owners or Mortgagees of Condominium Units and other persons interested or who become interested in the Stratford Community from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments to this Declaration. All such interested persons irrevocably appoint Declarant or its successors as agent and attorney for the execution of such amendments to this Declaration and all other documents necessary to effectuate the foregoing. After the Transition Date, this Declaration may be amended by the affirmative vote (in person or in writing) of 75% of all Members of the Stratford Association; provided however, there shall be no amendment to this Declaration by any person other than Declarant prior to the sale and conveyance by Declarant of the last Condominium Unit to be constructed in the Stratford Community without Declarant's express written consent.

Section 19. Amendments Requiring City Consent. Notwithstanding any provision to the contrary contained in this Declaration, Article V, Sections 6 through 15 of this Declaration shall not be amended without the written consent of the City.

Section 20. Assignment. Any or all of the rights and powers granted or reserved to the Declarant in this Declaration, including the 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 Stratford Association. Any such assignment or transfer shall be made by appropriate instrument in writing duly recorded in the office of the Macomb County Register of Deeds.

Section 21. Enforcement. The terms, covenants and agreements contained in this Declaration may be enforced by the Declarant, or the Stratford Association after the conveyance of Community Areas be constructed by Declarant, or as specifically provided herein the City.

Section 22. Severability. In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of this Declaration or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

Section 23. Perpetual. This Declaration shall run with the land described on the attached Exhibit A and be binding on and inure to the benefit of all persons having any right, title or interest in the Stratford Community or any part thereof (including, without limitation, the Property North of 19 Mile Road and its Owners), their heirs, personal representatives, successors and assigns.

Section 24. Conflict. In the event a conflict exists between terms, conditions or provisions between this Declaration and the individual Condominium Association Master Deed and Bylaws, this Declaration shall control.

Section 25. Mortgage Subordination. D & N Bank is executing this Declaration solely for the purpose of consenting to the execution, delivery and recording of this Declaration, and subordinating all mortgages and other interests D & N Bank has in the Stratford Community to the terms and conditions of this Declaration. By way of example and not limitation, foreclosure by D & N Bank of one or more of its mortgages upon all or part of the Stratford Community shall not affect the priority, validity or enforceability of this Declaration.

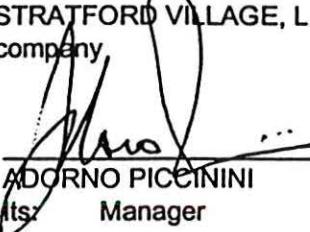
[Signatures begin on following page]

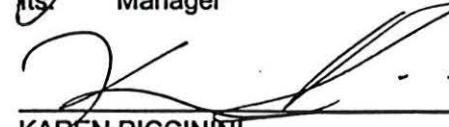
WITNESSES:

Yvonne R. Kessler
YVONNE R. KESSLER
Christopher W. Lee
Christopher W. Lee
Yvonne R. Kessler
YVONNE R. KESSLER
Christopher W. Lee
Christopher W. Lee

DECLARANT:

ADCO-STRATFORD VILLAGE, L.L.C., a Michigan limited liability company

By: 
ADORNO PICCININI
Its: Manager

By: 
KAREN PICCININI
Its: Manager

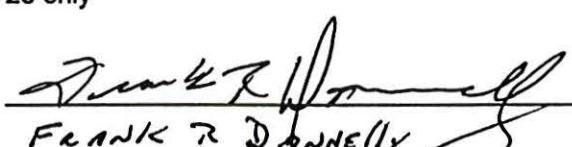
CITY:

CITY OF STERLING HEIGHTS, a Michigan municipal corporation

By: 
RICHARD J. NOTTE
Its: Mayor
and

By: 
WALTER C. BLESSED
Its: City Clerk

D & N BANK, a Federal Savings Bank, as to Article V, Section 25 only

By: 
Name: FRANK R. DONNELLY
Title: SENIOR VICE PRESIDENT

STATE OF MICHIGAN)
S.S.
COUNTY OF MACOMB)

On this 27 day of June 2000, the foregoing instrument was acknowledged before me by ADORNO PICCININI, the Managing Member and KAREN PICCININI, a Member, collectively on behalf of ADCO-STRATFORD VILLAGE, L.L.C., a Michigan limited liability company.

YVONNE R. KESSLER
Notary Public, Wayne County, MI
My Commission Expires June 17, 2002

Yvonne R. Kessler
Notary Public, Wayne County, Michigan
My Commission Expires 6-17-02
ACTING IN OAKLAND

STATE OF MICHIGAN)
S.S.
COUNTY OF MACOMB)

On this 30th day of June 2000, the foregoing instrument was acknowledged before me by RICHARD J. NOTTE, Mayor of the CITY OF STERLING HEIGHTS and WALTER C. BLESSED, Clerk of the CITY OF STERLING HEIGHTS, a Michigan municipal corporation, on behalf of the City.

Richard J. Notte
Notary Public, Wayne County, Michigan
My Commission Expires 2/22/02
ACTING in Macomb County
Robert M. Portzline

STATE OF MICHIGAN)
S.S.
COUNTY OF MACOMB) Oakland

On this 28th day of June 2000, before me personally appeared Frank R. Donnelly, who being by me duly sworn, did say that he is the Sr. Vice President of D & N Bank, a Federal Savings Bank, the Bank named in and which executed the within instrument, and that said instrument was signed on behalf of said Bank by authority of its Board of Directors.

Barbara A. Urwiller
Notary Public, Oakland County, Michigan
My Commission Expires: 3/30/01

Drafted by:

Gregg A. Nathanson, Esq.
Cousens, Lansky, Fealk, Ellis, Roeder & Lazar, P.C.
39395 West Twelve Mile Road, Suite 200
Farmington Hills, Michigan 48331-2913

BARBARA A. URWILLER

Notary Public, Oakland County, MI
My Commission Expires Mar. 30, 2001

When recorded return to:

City of Sterling Heights
Clerk's Office
40555 Utica Road
Sterling Heights, Michigan 48311-8009

MACOMB COUNTY CONDOMINIUM
SUBDIVISION PLAN No. 696
EXHIBIT "B" TO THE MASTER DEED OF
Stratford Village Regents
CITY OF STERLING HEIGHTS
MACOMB COUNTY, MICHIGAN

LIBER 9955 PAGE 843

ATTENTION COUNTY REGISTER OF DEEDS
THE CONDOMINIUM SUBDIVISION PLAN NUMBER MUST BE
ASSIGNED IN CONSECUTIVE SEQUENCE. WHEN A NUMBER
HAS BEEN ASSIGNED TO THIS PROJECT, IT MUST BE
PROPERLY SHOWN IN THE TITLE, SHEET 1, AND THE
SURVEYOR'S CERTIFICATE, SHEET 2.

Description
Regents
Units 1 thru 4

Port of the Southeast Quarter corner of Section 1 and part of the
Northeast Quarter of Section 12, Town 2 North, range 12 East,
City of Sterling Heights, Macomb County, Michigan being described
as:

Commencing at the South Quarter corner of said Section 1; thence
S.0057'48"E, 112.28 feet along the North and South Quarter line
of said Section 1; thence N.89°02'12"E, 43.00 feet to the point
of beginning; said point being on the East Right of way line of
Soil Road 10.00 feet from the line N.89°19'15"E, 180.00 feet
thence N.0057'48"E, 23.50 feet; thence N.89°19'15"E, 9.00 feet;
thence N.0057'48"E, 26.50 feet; thence N.89°19'15"E, 114.85
feet; thence 20.00 feet along a curve to the left having a
central angle of 187.19 degrees, a radius of 43.00 feet and whose
chord is N.80°13'26"E, 19.92 feet; thence S.34°06'02"E, 110.98
feet; thence S.49°30'44"E, 46.64 feet; thence S.81°59'53"E,
257.09 feet to the East Right of way line of said Road; thence
N.0057'48"E, 102.93 feet along the East Right of way line of
Soil Road to the point of beginning. Containing 0.33 acres, more
or less.

Subject to any and all easements and rights of way of record or
otherwise.

Description
Regents
Units 5 thru 28

Port of the Southeast Quarter corner of Section 1 and part of the
Northeast Quarter of Section 12, Town 2 North, range 12 East,
City of Sterling Heights, Macomb County, Michigan being described
as:

Commencing at the South Quarter corner of said Section 1; thence
S.0057'48"E, 1056.17 feet along the North and South Quarter line
of said Section 1; thence N.89°02'12"E, 228.07 feet to the point
of beginning; said point being on a curve to the right having
a central angle of 0.201°19", a radius of 63.00 feet and whose
chord is N.42°03'32"E, 3.32 feet; thence N.40°32'53"E, 616.37
feet; thence 42.02 feet along a curve to the left having a
central angle of 2.42°30'17", a radius of 18.00 feet and whose
chord is N.19°47'32"E, 41.11 feet; thence N.0057'49"W, 294.00
feet; thence 39.28 feet along a curve to the right having a
central angle of 90°00'50", a radius of 25.35 feet and whose
chord is N.44°49'17"E, 3.44 feet; thence S.48°30'17"E, 147
feet; thence S.07°56'08"E, 417.56 feet; thence S.40°29'16"W,
696.21 feet; thence N.49°30'44"W, 43.96 feet; thence
N.34°06'02"W, 106.16 feet to the point of beginning. Containing
3.35 acres, more or less.

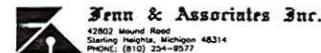
Subject to any and all easements and rights of way of record or
otherwise.

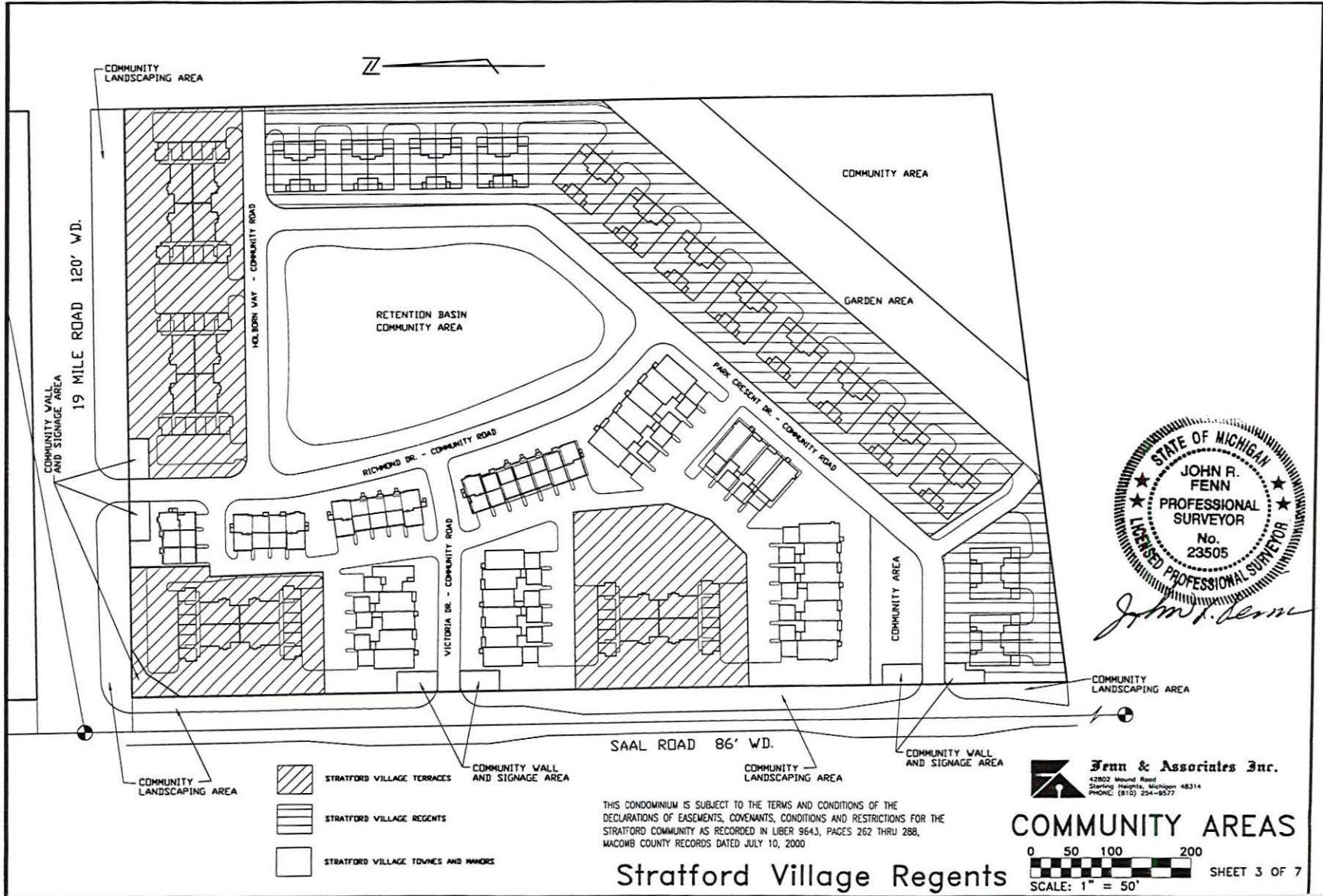
DEVELOPER:
PALAZZOLO BROTHERS, INCORPORATED
5995 19 MILE ROAD
STERLING HEIGHTS, MICHIGAN 48314

SURVEYOR:
FENN & ASSOCIATES, INC
42802 MOUND ROAD
STERLING HEIGHTS, MI 48314



PROPOSED DECEMBER 11, 2000



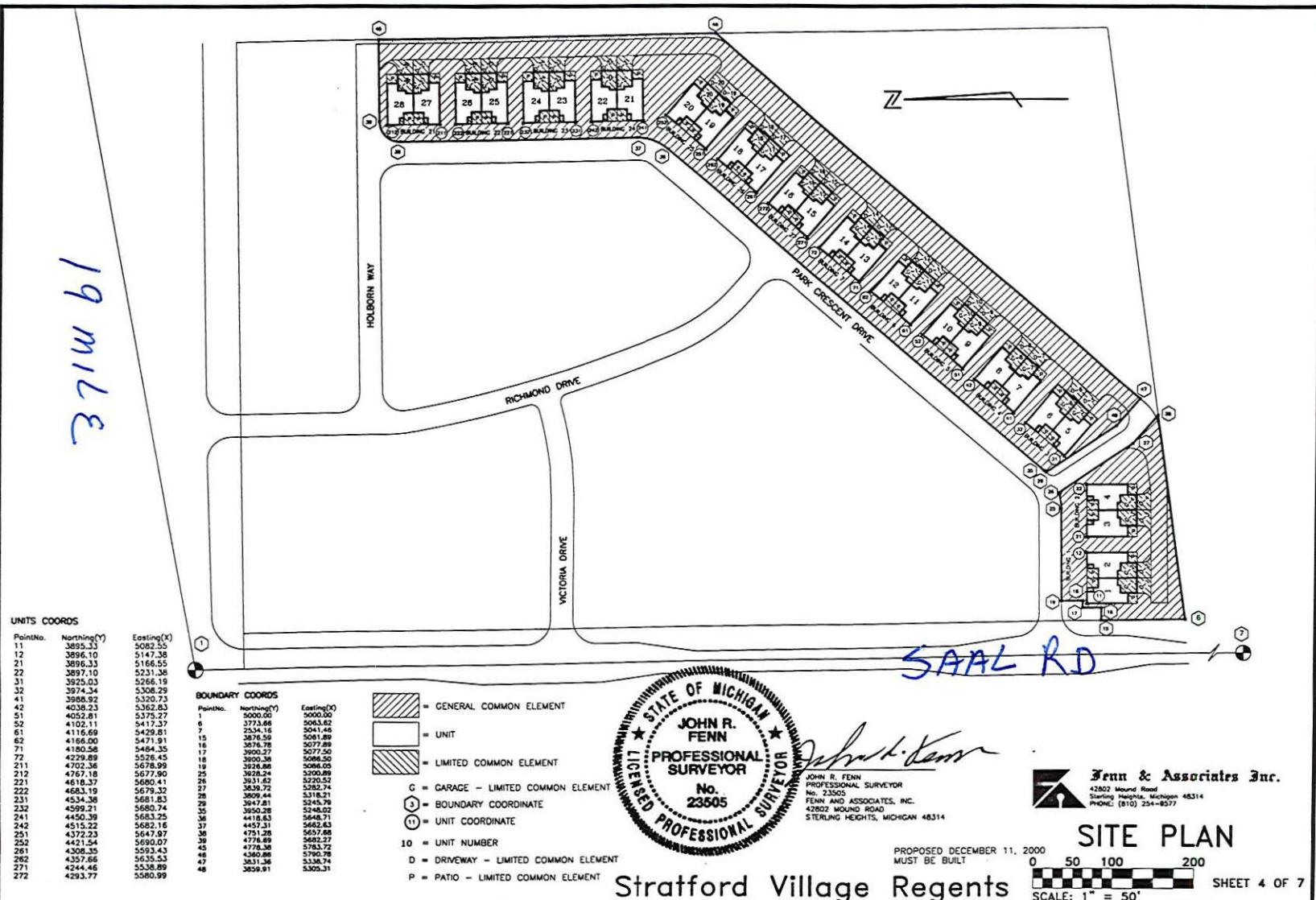


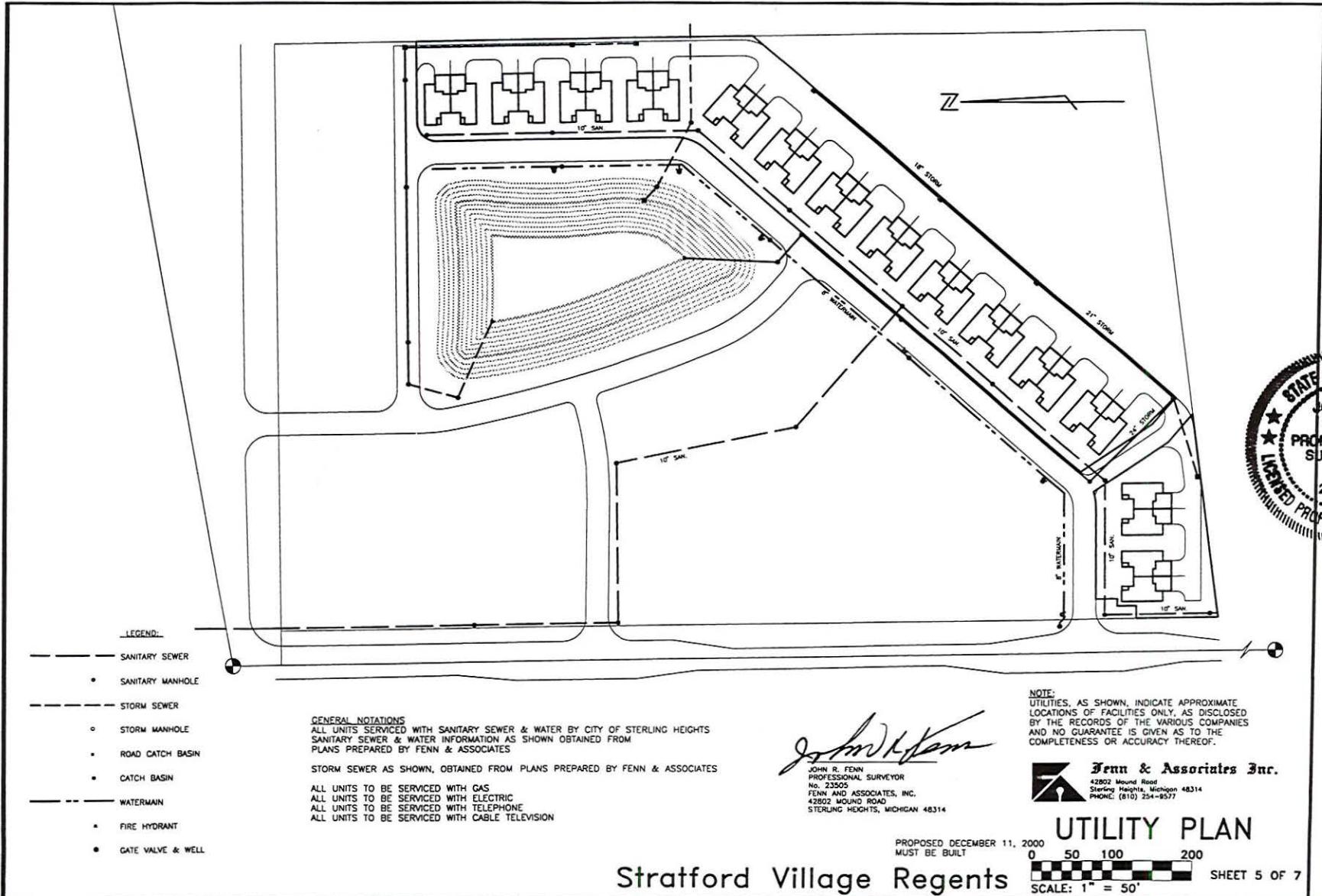
THIS CONDOMINIUM IS SUBJECT TO THE TERMS AND CONDITIONS OF THE DECLARATIONS OF EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE STRATFORD COMMUNITY AS RECORDED IN LIBER 9643, PAGES 262 THRU 288, MACOMBE COUNTY RECORDS DATED JULY 10, 2000.

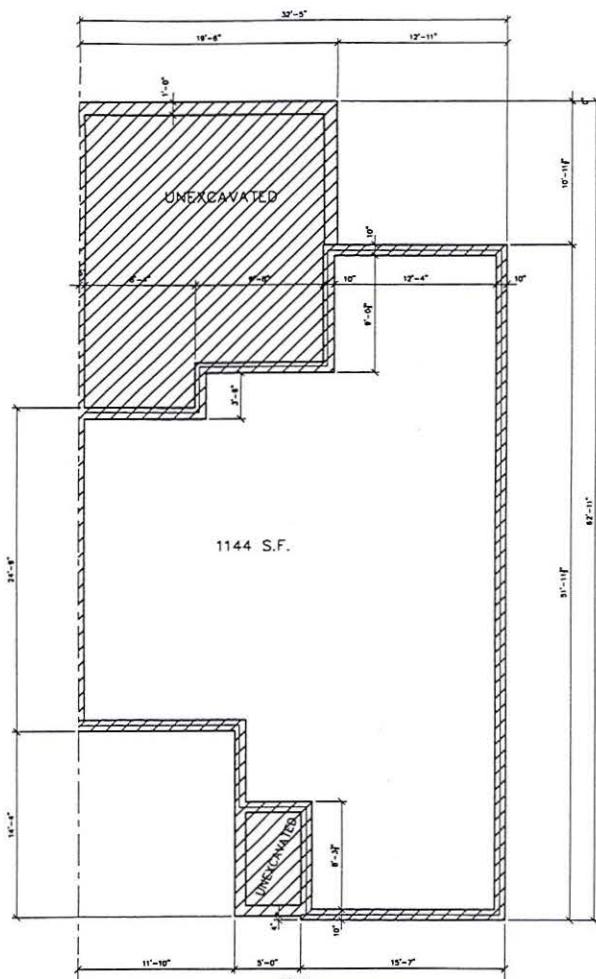
COMMUNITY AREAS

SHEET 3 OF 7

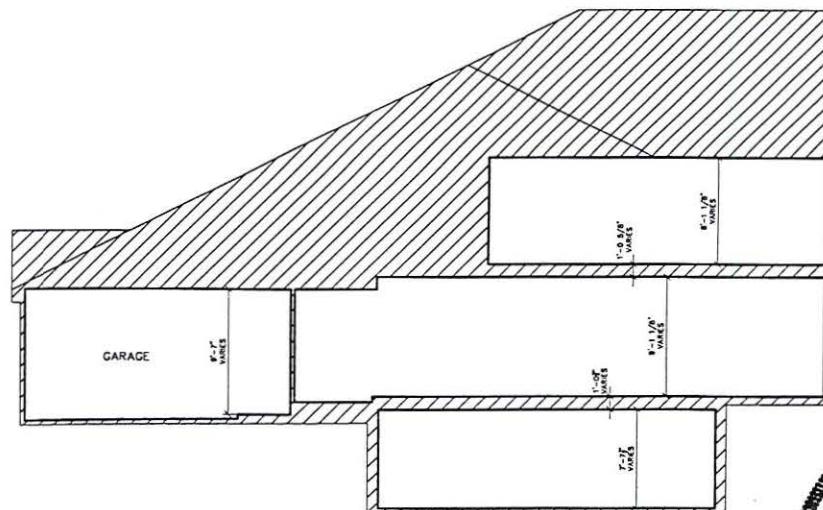
19 mile







SCHEDULE OF UNITS:	
UNITS PER PLAN:	UNITS REVERSED:
1, 3, 5, 7, 9, 11,	2, 4, 6, 8, 10,
13, 15, 17, 19,	12, 14, 16, 18, 20
21, 23, 25, 27	22, 24, 26, 28



1 BUILDING CROSS SECTION
A1 SCALE: $1/4'' = 1'-0''$
FOR ELEVATIONS ONLY

 = GENERAL COMMON ELEMENT
 = LIMITED COMMON ELEMENT

 Fenn & Associates Inc.
42802 Mound Road
Sterling Heights, Michigan 48314
PHONE: (810) 254-9577

Foundation Plan

0 50 100 200

