EXHIBIT "A"

THE HILLS OF BOGIE LAKE

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

The Hills of Bogie Lake, a residential Condominium located in the Township of Commerce, County of Oakland, State of Michigan, shall be administered by an Association of Co-owners which shall be a nonprofit corporation, hereinafter called the "Association," organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium in accordance with the Master Deed, these Bylaws, the Articles of Incorporation, and duly adopted rules and regulations of the Association and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Michigan Condominium Act ("Act") and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner, including the Developer, shall be a member of the Association and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to such Co-owner's Unit in the Condominium. A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve or other asset of the Association. The Association shall maintain current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium. All Co-owners in the Condominium and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II

ASSESSMENTS

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

SECTION 1. ASSESSMENTS FOR COMMON ELEMENTS. All costs incurred by the Association in satisfaction of any liability arising within, caused by or connected with the General Common Elements or the administration of the Condominium Project (hereafter "Condominium" or "Project") shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of or pursuant to any policy of insurance securing the interest of the Co-owners against

liabilities or losses arising within, caused by or connected with the General Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project within the meaning of Section 54(4) of the Act.

SECTION 2. DETERMINATION OF ASSESSMENTS. Assessments shall be determined in accordance with the following provisions.

A. **Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those General Common Elements that must by repaired or replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 3 below rather than by special assessment(s). At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget on a non-cumulative basis. Since the minimum standard required by this Section may prove to be inadequate for this particular Condominium, the Association of Co-owners should carefully analyze the Condominium 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. The funds contained in such reserve fund shall be used for major repairs and replacements of General Common Elements. The Board of Directors may establish such other reserve funds as it may deem appropriate from time to time. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Co-owner. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish such lien or the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time determine, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation, management, maintenance and capital repair of the Condominium, (2) to provide replacements of existing General Common Elements, (3) to provide additions to the General Common Elements not exceeding fifteen thousand ($15,000.00) dollars in the aggregate, annually, or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or levy such additional or special assessment or assessments without Co-owner approval as it shall deem necessary. The Board of Directors shall also have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 herein. The discretionary authority of the Board of Directors to levy general, additional or special assessments pursuant to this subsection 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, other than those referenced in subsection A of this Section 2, 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 an aggregate cost exceeding fifteen thousand ($15,000.00) dollars per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection B (but not including those assessments referred to in subsection 2A above that may be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty (60%) percent of all Co-owners in number and in value. The authority to levy assessments pursuant to this subsection B 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.

C. **Special Assessment Districts**. The acceptance of a conveyance or the execution of a land contract by any Co-owner or purchaser of a Condominium Unit shall constitute the agreement by such Co-owner or purchaser, his or her heirs, executors, administrators, or assigns, that the Board of Directors of the Association shall be vested with full power and authority to obligate all Co-owners to participate in a special assessment district, sign petitions requesting said special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all Co-owners; provided that, prior to signature by the Association on a petition for improvement, the desirability of said improvement shall be approved by an affirmative vote of not less than fifty-one percent (51%) of all Co-owners. No consent of mortgagees shall be required for approval of said improvement.

SECTION 3. **APPORTIONMENT OF ASSESSMENTS; DEFAULT IN PAYMENT.** Unless otherwise provided herein, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article VI of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Any unusual expenses of administration as may be determined in the sole discretion of the Board of Directors that benefit less than all of the Units in the Condominium may be specially assessed against the Unit or Units so benefited and may be allocated to the benefited Unit or Units in the proportion which the percentage of value of the benefited Unit bears to the total percentages of value of all Condominium Units so specially benefited as determined in the sole discretion of the Board of Directors. Annual assessments as determined in accordance with Article II Section 2A above shall be payable by the Co-owners in either one (1) annual payment or four (4) quarterly installments in the discretion of the Board of Directors commencing with acceptance of a deed to, or a land contract purchaser's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The Developer or the Association, as the case may be, shall be permitted to collect at closing from the purchaser an amount equal to the purchaser's assessment for the first quarter after closing. 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 in the amount of twenty ($20.00) dollars per month, or such other amount as may be determined by the Board of Directors, effective upon fifteen (15) days notice to the member of the Association in default, shall be assessed automatically by the Association upon any assessment in default until paid in full. Such late charge shall not be deemed to be a penalty or interest upon the amounts due to the Association but is intended to constitute a reasonable estimate of the administrative costs and other damages incurred by the Association in connection with the late payment of assessments. Assessments in default shall bear interest at the rate of seven (7%) percent per annum or such higher rate as may be allowed by law until paid in full. Payments on account of installments of assessments in default shall be applied first to any interest and late charges on such installments; second, to costs of collection and enforcement of payment, including reasonable attorney's fees; and finally to installments in default in order of their due dates, earliest to latest.

Each Co-owner (whether one (1) or more persons) shall be, and remain, personally liable for the payment of all assessments (including interest, late charges and costs of collection and enforcement of payment) pertinent to the Co-owner's Unit that may be levied while such Co-owner is the owner thereof. In addition to a Co-owner who is also a land contract seller, the land contract purchaser shall be personally liable for the payment of all assessments (including interest, late charges and costs of collection and enforcement of payment) pertinent to the subject Unit that are levied, up to, and including,

the date upon which the land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit.

SECTION 4. WAIVER OF USE OR ABANDONMENT OF UNIT; UNCOMPLETED REPAIR WORK. No Co-owner may become exempt from liability for the contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements, by the abandonment of the Co-owner's Unit, or because of uncompleted repair work or the failure of the Association to provide services to the Condominium.

SECTION 5. ENFORCEMENT. 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, or both in accordance with the Act. Pursuant to Section 139 of the Act, no Co-owner may assert in answer or set-off to a complaint brought by the Association for non-payment of assessments the fact that the Association or its agents have not provided services to the Co-owner.

Each Co-owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien 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 Condominium, 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. The Association, acting on behalf of all Co-owners, may bid at the foreclosure sale and acquire, hold, lease, mortgage or convey the Condominium Unit. Each Co-owner of a Unit in the Condominium acknowledges that at the time of acquiring title to such Unit, the Co-owner was notified of the provisions of this Section and that the Co-owner voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for non-payment of assessments and a hearing on the same prior to the sale of the subject Unit.

Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that one (1) or more installments of the annual assessment and/or a portion or all of a special or additional assessment(s) levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing of such notice. Such written notice shall be accompanied by a written Affidavit of an authorized representative of the Association that sets forth: (1) the Affiant's capacity to make the Affidavit, (2) the statutory and other authority for the lien, (3) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (4) the legal description of the subject Unit(s), and (5) the name(s) of the Co-owner(s) of record. Such Affidavit shall be recorded in the office of the Register of Deeds in Oakland County prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing the notice as aforesaid. If the delinquency is not cured within the ten-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the Co-owner

and shall inform the Co-owner that a judicial hearing may be requested by the Co-owner by bringing suit against the Association.

The expenses incurred in collecting unpaid assessments, including interest, late charges, costs, actual attorney's fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default and shall be secured by the lien on the Unit. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against the Co-owner's Unit, and/or in the event of default by any Co-owner in the payment of any installment and/or portion of any additional or special assessment levied against the Co-owner's Unit or any other obligation of a Co-owner, the Association shall have the right to declare all unpaid installments of the annual assessment for the applicable fiscal year (and for any future fiscal year in which said delinquency continues) and/or all unpaid portions or installments of any additional or special assessment(s), if applicable, immediately due and payable. The Association also may discontinue the furnishing of any utility or other services to a Co-owner in default upon seven (7) days prior 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 Condominium, shall not be entitled to vote at any meeting of the Association or sign any petition for any purpose prescribed by the Condominium Documents or by law, and shall not be entitled to run for election or serve as a director or be appointed or serve as an officer 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/or 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 as provided by the Act.

SECTION 6. LIABILITY OF MORTGAGEE. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Condominium that 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 in regard to said first mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit that accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units, including the mortgaged Unit).

SECTION 7. DEVELOPER'S RESPONSIBILITY FOR ASSESSMENTS. The Developer, and the affiliates or designees of Developer of the Condominium, although members of the Association, shall not be responsible at any time for payment of the Association assessments 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 by Commerce Township. Certificates of occupancy may be obtained by the Developer at such time prior to actual occupancy as the Developer, in its discretion, may determine. An Occupied Unit is a Unit that is occupied as a residence. This exemption shall only apply to the Developer, its affiliates and its designees. One (1) or more "model" Units owned by the Developer or an affiliate of the Developer are not assessable until the model Unit is sold to a third party. The Developer shall independently pay all direct costs of maintaining Completed Units for which it is not required to pay Association assessments and shall not be responsible for any payments whatsoever to the Association in connection with such Units. For instance, with respect to Completed Units, the only expense presently contemplated that the Developer might be expected to pay is a pro rata share of snow removal and other maintenance from time to time, as well as a pro rata share of any administrative costs that the Association might incur from time to time. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. The Developer shall not be responsible at any

time for payment of assessments or payment of any expenses whatsoever with respect to unbuilt Units notwithstanding the fact that such unbuilt Units may have been included in the Master Deed. Notwithstanding the foregoing, the Developer shall be responsible to fund any deficit or shortage of the Association arising prior to the date of the First Annual Meeting resulting from the Developer's responsibility for assessments as provided in this Section. The Developer shall, in no event, be liable for any assessment levied in whole or in part to purchase any Unit or to finance any litigation or other claims against the Developer, the Association, or any directors of the Association appointed by the Developer, or any cost of investigating and preparing such litigation, claim or any similar or related costs.

SECTION 8. PROPERTY TAXES AND SPECIAL ASSESSMENTS. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

SECTION 9. PERSONAL PROPERTY TAX ASSESSMENT OF ASSOCIATION PROPERTY. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

SECTION 10. CONSTRUCTION LIEN. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980 as amended shall be subject to Section 132 of the Act.

SECTION 11. STATEMENT AS TO UNPAID ASSESSMENTS. Pursuant to the provisions of the Act, the purchaser of any Unit may request a statement from the Association as to the outstanding amount of any unpaid Association assessments thereon, whether annual, additional or special, and related collection costs. 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 the Unit, the Association shall provide a written statement of such unpaid assessments and related collection or other costs 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 indicated on the statement, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments and the lien securing the 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 having priority. The Association may charge such reasonable amounts for preparation of such statement as the Association shall in its discretion determine.

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 Co-owners, or between a Co-owner or Co-owners and the Association, shall, upon the election and written consent of the parties to any such disputes, claims or grievances, and written notice to the Association, if applicable, 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. As set forth in MCL 559.244, at the exclusive option of the Association, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Condominium if the amount of the claim is ten thousand ($10,000.00) dollars or less. At the exclusive option of a Co-owner, any claim that might be the subject of a civil action against the Developer that involves an amount less than two thousand five hundred ($2,500.00) dollars, and arises out of or relates to a purchase agreement, a Co-owner's Unit or the Project, shall be settled by binding arbitration. 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. Any agreement to arbitrate pursuant to the provisions of this Section shall include an agreement between the parties that a judgment issued by any circuit court in the State of Michigan may be rendered upon any award granted pursuant to 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 nor the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

SECTION 3. ELECTION OF REMEDIES. Election by the parties to any such disputes, claims or grievances to submit such disputes, claims or grievances to arbitration shall preclude such parties from litigating such disputes, claims or grievances in the courts.

SECTION 4. CO-OWNER APPROVAL FOR CIVIL ACTIONS AGAINST DEVELOPER AND/OR FIRST BOARD OF DIRECTORS. Any civil action proposed by the Board of Directors on behalf of the Association to be initiated against the Developer, its agents or assigns, and/or the First Board of Directors of the Association or other Developer-appointed directors, for any reason, shall be subject to approval by a vote of sixty-seven (67%) percent of all Co-owners in number and in value, and notice of such proposed action must be given in writing to all Co-owners in accordance with Article VII herein. Such vote may only be taken at a meeting of the Co-owners and no proxies or absentee ballots shall be permitted to be used, notwithstanding the provisions of Article VII herein.

ARTICLE IV

INSURANCE

SECTION 1. EXTENT OF COVERAGE. The Association shall carry a standard "all risk" insurance policy, which includes, among other things, fire insurance, extended coverage, vandalism and malicious mischief endorsements, liability insurance and workers' compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements of the Condominium, and such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

A. Responsibilities of the Association and Co-owners. All such insurance shall be purchased by the Association for the benefit of the Association, the Co-owners and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgagees endorsements to the mortgagees of the Co-owners' Units.

B. **Insurance of Common Elements.** All Common Elements, whether or not they are located within the 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 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 with reasonable notice during normal business hours so that Co-owners shall be permitted to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board of Directors at a properly constituted meeting to change the nature and extent of any applicable coverages, if so determined.

C. **Premium Expenses.** All premiums on 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, the Co-owners and their respective 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 the repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than repair, replacement or reconstruction of the Condominium unless all of the institutional holders of first mortgages on Units in the Condominium have given their prior written approval.

SECTION 2. AUTHORITY OF ASSOCIATION TO SETTLE INSURANCE CLAIMS. Each Co-owner, by ownership of a Unit in the Condominium, 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 insurance, extended coverage, vandalism and malicious mischief endorsements, liability insurance and workers' compensation insurance, if applicable, pertinent to the Condominium, his Unit and the Common Elements appurtenant thereto, with such insurer as may from time to time provide such insurance for the Condominium. Without limitation on the generality of the foregoing, the Association as said power of attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute same to the Association, the Co-owners and their respective mortgagees as their interests may appear (subject always to the Condominiums Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owners and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

SECTION 3. RESPONSIBILITY OF CO-OWNERS. Each Co-owner shall be obligated and responsible for obtaining fire insurance, extended coverage and vandalism and malicious mischief insurance with respect to any buildings and all other improvements constructed or to be constructed within the perimeter of the Condominium Unit and for the personal property located therein or thereon or elsewhere in the Condominium Project. There is no responsibility on the part of the Association to insure

any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner shall deliver certificates of insurance to the Association not less than annually to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association, at its option and in its sole discretion, may obtain such insurance on behalf of such Co-owner (but is not obligated to do so) and the premiums therefore shall constitute a lien against the Co-owner's Unit that may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each Co-owner shall also be obligated to obtain insurance coverage for his personal liability for occurrences within the perimeter of his Unit or the improvements located thereon (naming the Association and the Developer as additional insureds thereunder), and also for any other personal insurance amounts as may be specified by the Developer (and thereafter by the Association) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer annually.

SECTION 4. WAIVER OF RIGHT OF SUBROGATION. The Association and all Co-owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Co-owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

SECTION 5. INDEMNIFICATION. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the Developer (and thereafter the Association). This Section 5 shall not, however, be construed to give any insurer any subrogation right or any other right or claim against any individual Co-owner.

ARTICLE V

RECONSTRUCTION OR REPAIR

SECTION 1. RESPONSIBILITY FOR RECONSTRUCTION OR REPAIR. In the event 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.** In the event 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 unanimous vote of all of the Co-owners that the Condominium shall be terminated and each institutional holder of a first mortgage lien on any Unit in the Condominium has given its prior written approval for such termination.

B. **Total Destruction.** In the event the Condominium is so damaged that no Unit is tenantable, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless eighty (80%) percent or more of all of the Co-owners, in number and in value, agree to reconstruction of the Condominium by vote or in writing within ninety (90) days after the destruction, and such termination shall also have received the approval of at least fifty-one (51%) percent of those holders of first mortgages

on Units who have requested in writing that the Association notify them of any proposed action that requires the consent of a specified percentage of first mortgagees.

SECTION 2. REPAIR IN ACCORDANCE WITH MASTER DEED, ETC. Any such reconstruction or repair shall be substantially in accordance with the Master Deed, and any amendments thereto, including the plans and specifications for the Condominium attached as Exhibit C thereto, to a condition as comparable as possible to the condition of the Condominium existing prior to the damage unless the Co-owners shall unanimously decide otherwise.

SECTION 3. ASSOCIATION RESPONSIBILITY FOR REPAIR. The Association shall be responsible for the maintenance, repair and reconstruction of the General Common Elements. Immediately after a casualty causing damage to Condominium property for which the Association has the responsibility of maintenance, repair and/or reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be levied against all Co-owners, except as may otherwise be permitted in the Bylaws, 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 that may be collected in accordance with Article II of these Bylaws. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

SECTION 4. TIMELY RECONSTRUCTION AND REPAIR. If the damage to Common Elements or a Unit adversely affects the appearance of the Condominium, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with the reconstruction and repair of the damaged property without delay, and shall complete such reconstruction and repair within six (6) months after the date of the occurrence that caused such damage to the property.

SECTION 5. EMINENT DOMAIN. Section 133 of the Act and the following provisions shall control upon any taking by eminent domain:

A. Taking of Entire 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 the mortgagee, they shall be divested of all interest in the Condominium. 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 any mortgagee as their interests may appear. This Section does not absolve the Co-owner from its responsibility to pay assessments occurring prior to the taking.

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 fifty (50%) percent of all 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 continues after taking by eminent domain, then the remaining portion of the Condominium shall be resurveyed and the Master Deed amended accordingly, and if any Unit shall have been taken, then Article VI of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Units based upon the continuing value of the Condominium of one hundred (100%) percent. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of any specific approval thereof by any Co-owner.

D. **Notification of Mortgagees.** In the event any Unit in the Condominium or any portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium at such address as they may from time to time direct.

E. **Applicability of Act.** To the extent not inconsistent with the foregoing provisions, Section 133 of the Act shall control upon any taking by eminent domain.

SECTION 6. NOTIFICATION OF FHLMC, FNMA, ETC. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), the Michigan State Housing Development Authority ("MSHDA"), or insured by the Veterans Administration ("VA"), Department of Housing and Urban Development ("HUD"), Federal Housing Association ("FHA") or any private or public mortgage insurance program, then the Association shall give the aforementioned parties written notice, at such address as they may from time to time direct. of any loss to or taking of the Common Elements of the Condominium if the loss to or taking exceeds ten thousand ($10,000.00) dollars in amount, or damage to a Unit or dwelling covered by a mortgage purchased, held or insured by them exceeds one thousand ($1,000.00) dollars. Furthermore, the Association may (but is not obligated to do so) inform such lender(s) of such damages or condemnation actions.

SECTION 7. PRIORITY OF MORTGAGEE INTERESTS. Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI

ARCHITECTURAL AND BUILDING RESTRICTIONS

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

SECTION 1. ARCHITECTURAL STANDARDS AND RESIDENTIAL USE. All improvements made within any Unit, including, without limitation, landscaping, construction of a Residence or Structure (such as a deck or garage), and the use and occupancy thereof, shall comply fully

with these Architectural and Building Restrictions. As set forth more specifically in this Article, if any Structure, Residence, deck or garage to be built within the Unit is not to be constructed by Developer, then before construction of any improvements to a Unit, plans and specifications prepared and sealed by a licensed Michigan architect, including grading, site, landscaping and irrigation plans, showing the nature, size, shape, elevations, height, materials, color scheme and location of all improvements shall be submitted to and approved in writing by the Developer (or the Architectural Control Committee, as the case may be), as more fully set forth in Section 2 of this Article. The Developer intends by these restrictions to create and perpetuate a beautiful, serene, private residential condominium community consistent with the highest standards. No Unit in the Condominium shall be used for other than single family residential purposes (except that persons not of the same immediate family may together occupy a Residence constructed within a Unit with the written consent of the Board of Directors (which consent shall not be unreasonably withheld). A family shall mean one (1) person or a group of two (2) or more persons related by bonds of consanguinity, marriage or legal adoption. No business, trade, profession or commercial activity of any kind shall be conducted within any Unit in the Condominium.

SECTION 2. RESTRICTIONS AND REQUIREMENTS. No Structure or Residence shall be constructed or located on any Unit, except as follows:

A. **Review Procedures and Submission Requirements.**

(1) The Developer intends that all Structures and Residences on any Unit or otherwise within the Project shall be designed, developed and constructed so as to be harmonious, complimentary and dignified, all to the end that the Project as developed and improved will be and shall provide a refined and exclusive environment of the highest architectural construction and aesthetic standards. In order to accomplish such end, the Developer hereby reserves to itself (and to the Association acting through its Architectural Control Committee as more fully set forth below) the right to approve, disapprove and otherwise pass upon the design, appearance, construction or other attributes of any Structure or Residence proposed to be erected or maintained on a Unit or within the Project, and no Structure or Residence shall be permitted to be constructed or erected on a Unit or within the Project unless the same has received, in writing, the approval of the Developer (or the Association acting through its Architectural Control Committee as more fully set forth below) pursuant to the terms and conditions of this Article VI.

(2) There shall be a two (2) step submittal process for obtaining the approval of the Developer (or the Architectural Control Committee, as the case may be) for any Structure or Residence to be erected, constructed, maintained or rebuilt on any Unit or in any other part of the Project. The Developer's written approval of each submittal must be obtained before the construction of any Structure or Residence may be commenced. In addition, all necessary and/or required state or municipal approvals and/or permits must be obtained before construction of any Structure or Residence may be commenced. If appropriate, the Developer may waive or modify the process in order to expedite the review process, although in no event shall the Developer be obligated to modify or waive said process.

(a) The first step will be the application for "Concept Approval." In connection with seeking Concept Approval, the Co-owner or his representative shall submit: (1) a topographic survey of the Unit prepared by a registered engineer or surveyor showing existing grades and the location of all trees having a diameter at ground level of three (3") inches or more; (2) a conceptual site plan showing the location of all proposed Residences and/or Structures on the Unit; (3) a conceptual floor plan; and (4) conceptual front and rear elevation drawings of the proposed Residence, including a

description of desired colors and types of exterior materials. Concept Approval shall be deemed to have been granted when the Developer has approved, in writing, all of the foregoing submissions.

(b) The second step will be application for "Final Approval." In connection with seeking Final Approval, the Co-owner or his representative shall submit: (1) all prints, plans and other items required to be submitted to Commerce Township to procure a building permit; (2) a dimensioned site plan sealed by a registered engineer licensed to do business in the State of Michigan showing setbacks, existing and proposed elevations, and all trees on the Unit having a diameter at ground level of three (3") inches or more, including an indication as to which trees are to be removed; (3) complete building plans sealed by a registered architect licensed to do business in the State of Michigan; (4) actual samples of bricks, shingles, stain materials and colors; (5) a construction schedule specifying completion dates for foundations, rough-in, and the Residence and/or Structure with a completed exterior as a whole; and the deposit described in subsection 2(C)(5)(c) below; if required by the Developer; and (6) any other materials required by the Developer. Final Approval shall be deemed to have been granted when the Developer has approved, in writing, all of the foregoing submissions.

(c) All landscaping plans must be approved by the Developer or the Architectural Control Committee, as the case may be, in writing, in accordance with the requirements and provisions of subsection B6 below. Landscaping shall be installed within ninety (90) days of closing, unless the closing is held between October 1 and March 31, in which case all landscaping must be installed during the following months of May or June.

(d) No approval shall be effective unless given by the Developer in writing. If a Structure or any aspect or feature thereof is not in strict conformity with the requirements or restrictions set forth in this Article, any such non-conformity shall be permitted only if it is specifically mentioned as such in the submissions to the Developer and the Developer specifically approves or waives the same in writing. Developer shall have the right to refuse to approve any plans, specifications, location of buildings, grading or landscaping plans that are not suitable or desirable, in its opinion, for aesthetic or other reasons; and in passing upon such plans and specifications, it shall have the right to take into consideration the suitability of the proposed Structure, improvement or modification, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole.

(3) Except as provided by MCL 559.147a, Public Act 36 of 1998, no alteration, modification, substitution or other variation(s) from the designs, plans, specifications and other submission matters that have been approved by the Developer shall be permitted on any Unit unless the Co-owner thereof obtains the Developer's written approval for such variation(s). So long as any such variation is minimal, the Co-owner need not go through the entire submittal process described in subsection 2A2 of this Article, but in any event, the Co-owner must submit sufficient information (including, without limitation, material samples) as the Developer determines, in its sole discretion, is required to permit the Developer to decide whether or not to approve or deny the variation(s) request. The Developer's approval of any variation(s) must be obtained irrespective of the fact that the need for the variation(s) arises for reasons beyond the Co-owner's control (e.g., material shortages or the like). If a variance is required from Commerce Township, it will be the Co-owner's responsibility to seek and obtain such variance.

(4) In making any of the submissions required or contemplated by subsection 2A(2) above, the Co-owner shall cause four (4) copies thereof to be submitted to the Developer. Two (2)

copies shall be returned to the Co-owner after the Developer has approved or disapproved the submission and the other two (2) copies shall be retained by the Developer for its files.

(5) The initial designee of the Developer for all purposes hereunder shall be Keith Rogers, an officer of Covington Properties, Inc., and the Manager of Hills of Bogie Lake, L.L.C. (the "Manager"), or his duly appointed successor or the assign(s) of Developer, who shall be the agent of the Developer who evaluates and renders decisions on behalf of the Developer with respect to matters submitted to the Developer pursuant to this Article. **NO CO-OWNER OR REPRESENTATIVE THEREOF MAY RELY UPON ANY APPROVAL OR OTHER STATEMENT RENDERED OR MADE BY ANY AGENT OR EMPLOYEE OF THE DEVELOPER OTHER THAN KEITH ROGERS, UNLESS KEITH ROGERS (OR HIS DULY APPOINTED SUCCESSOR) DESIGNATES IN WRITING ON BEHALF OF THE DEVELOPER ANOTHER AGENT OR EMPLOYEE WHO HAS THE AUTHORITY TO SO ACT.** No agent, employee, consultant, attorney or other representative or advisor of or to the Developer shall have any liability with respect to decisions made, actions taken or opinions rendered relative to matters submitted to the Developer hereunder.

(6) The Developer reserves the right to assign, delegate or otherwise transfer its rights and powers of approval as provided in this Article, including, without limitation, an assignment of such rights and powers to the Architectural Control Committee described herein, the Association or to any mortgagee.

B. **Restrictions and Requirements.** The following rules, regulations, restrictions and requirements shall apply to each and every Unit in the Project, and no Structure shall be erected, constructed or maintained on any Unit that is in contravention of such rules, regulations, restrictions and requirements, except to the extent that any non-conformity has been waived by the Developer:

(1) Each two-story Residence must have a minimum livable floor area of two thousand (2,000) square feet; provided, that a ranch style house (determined to be such by the Developer) may have a minimum livable floor area of two thousand (2,000) square feet. No Residence shall have a livable floor area of ten thousand (10,000) or more square feet. For the purposes of this subparagraph, garages, patios, decks, open porches, entrance porches, terraces, basements, lower levels, storage sheds and like areas shall be excluded in determining the livable floor area whether or not they are attached to the Residence. Enclosed porches shall be included in determining the livable floor area only if the roof of said porch forms an integral part of the roof line of the Residence.

(2) The minimum Residence width, including attached garage, shall be fifty (50') feet.

(3) No Structure shall be placed, erected, altered or located on any Unit nearer to the front, side or rear Unit boundary line than is permitted by Commerce Township ordinances at the time the same is erected. In addition, any Residence or building shall meet the following setback requirements:

MINIMUM FRONT SETBACK	=	35.00 FEET
MINIMUM REAR SETBACK	=	35.00 FEET

MINIMUM SIDE SETBACK = 4 FEET MINIMUM ONE SIDE (18.00 FEET TOTAL)

The Developer shall have the right (but not the obligation) to permit setbacks less than those set forth above if, in its sole discretion, the grade, soil or other physical conditions pertaining to a Unit justify such a variance and is approved by Commerce Township. In addition, all Structures and Residences shall be oriented on a Unit so as to face the road on which it is located. The Developer shall have the right (but not the obligation) to permit Structures or Residences to be oriented other than as set forth above if, in its sole discretion, the grade, soil, or other physical conditions or aesthetic reasons justify such a variance and Commerce Township approves the same.

(4) The exterior of all buildings must be a combination of brick or stone and wood as approved by the Developer.

(5) All driveways shall be constructed of concrete unless otherwise approved by the Developer in its sole discretion. All garages shall be attached to the Residences.

(6) Each Unit must be landscaped in accordance with the approved landscaping plan within the time limits set forth in subsection 2A(2)(c) of this Article. The landscaping plan shall indicate that the entire Unit shall have sod installed. **Seed lawns shall not be permitted.** The reasonable value of the landscaping plan to be approved by the Developer pursuant to subsection 2A of this Article shall not be less than six thousand five hundred ($6,500.00) dollars, exclusive of the cost of the sprinkler/irrigation system. The Developer shall have the right to determine the reasonable value of the landscaping. After landscaping has been installed, the Co-owner shall maintain the same in a good and sightly condition consistent with the approved landscaping plan. If the Co-owner fails to install the approved landscaping in a timely manner or in accordance with the approved landscaping plan, the Developer shall have the right (but not the obligation) to complete or correct such landscaping and to use the escrowed funds to pay for the cost thereof, plus the Developer shall be entitled to reimbursement from the Co-owner and to receive from the Co-owner an administrative fee in the amount of fifteen (15%) percent of the cost of the work performed. The Co-owner shall be required to pay such amounts due to Developer within ten (10) days of mailing of a written invoice, plus interest in the amount of seven (7%) percent per annum. If the Co-owner fails to pay all amounts invoiced within such ten (10) day period, such amounts shall constitute an unpaid assessment and the Developer shall have the right to record and foreclose a lien against the Unit and/or to commence legal proceedings to collect such amounts due in the same manner as set forth in these Bylaws for the collection of unpaid assessments. To the extent that the deposit earns interest, the interest will be paid to the Co-owner at such time as the landscaping of the Unit has been completed pursuant to the approved landscaping plan; provided, if the Developer completes such landscaping, any such interest shall be available to the Developer to pay for such work.

(7) No above ground swimming pools shall be erected or maintained on any Unit. The size, configuration, location and exterior appearance of any in-ground swimming pool shall be subject to the Developer's prior written approval and shall conform to all Commerce Township ordinances.

(8) No fence, wall or hedge or any kind shall be erected or maintained on any Unit without the prior written approval of the Developer. No fence, wall or hedge shall be located nearer to any front Unit boundary line than is permitted for Residences under paragraph (3) above. No fence, wall or hedge shall be erected or maintained that blocks or hinders a person's vision at street intersections.

No chain link fences shall be permitted on any Unit. Notwithstanding anything contained herein that may be construed to the contrary, yard fencing is prohibited in the Condominium Project; provided, however, in the event a Co-owner receives written approval of an in-ground pool from the Developer (or the Architectural Control Committee) then pool fencing will be allowed subject to these Restrictions, any Township ordinances and the Developer's prior approval as to type and location.

(9) Dog kennels, runs or other enclosed shelters for permitted animals must be an integral part of the approved Residence and must be approved by the Developer and Commerce Township relative to the location and design, fencing or other Structures, including the installation of landscaped screening. Any such kennel or run must be kept in a clean and sanitary condition at all times. To ensure that such approved Structures and any required landscaped screening are constructed in accordance with the approved plans, the Developer (during the Development and Sales Period, and thereafter the Board of Directors of the Association) will have the right to require the Co-owner to post a five hundred ($500.00) dollar cash bond with the Association when the plans are approved, to be used to cure items not constructed in accordance with the approved plans. This cash bond is not intended as a limitation on the Co-owner's financial responsibility or liability, but is only intended to provide the Association with access to funds to complete the construction if the Co-owner fails to do so.

(10) No single-level flat roofs shall be permitted on the entire main body of any Residence, building or other Structure, including outbuildings. Flat roofs may be installed over Florida rooms, porches or patios, and tasteful flat roofs may be installed on multiple levels of a Residence but only if they are approved by the Developer. The minimum pitch of any roof shall be 6/12 (vertical/horizontal).

(11) INTENTIONALLY DELETED.

(12) No signs, including "for rent" and "for sale," or signs of any architect, builder, contractor, landscaper, landscape architect or any other signs shall be erected or maintained on any Unit except as follows:

(a) During the construction of a Residence, a sign may be erected so as to identify the Unit number, but only if the Developer provides written authority for the erection of the sign. The Developer may withhold such authority for the erection of the sign in its sole discretion. The size, location, color and content of any sign permitted by the Developer shall be as specified by the Developer from time to time and shall include the Developer's logo.

(b) A street address sign may be erected in connection with the construction of a Residence on a Unit, but only if the Developer provides written authority for the erection of the sign. The Developer may withhold such approval for the erection of the sign, in its sole discretion, unless the same is required by Commerce Township. The size, content, location and color of the sign shall be as specified by the Developer from time to time.

(c) Nothing in these Bylaws shall prevent a Co-owner from displaying a single United States flag of a size not greater than three (3') feet by five (5') feet anywhere on the exterior of the Residence constructed within his Unit.

(13) No external air conditioning unit shall be placed in or attached to a window or wall of any Structure. No compressor or other component of an air conditioning system, heat pump or

similar system shall be visible from the road. To the extent reasonably possible, external components of an air conditioning system, heat pump or similar system shall be located so as to minimize disruption or negative impact thereof on adjoining Units in the Project in terms of noise or view. The Developer shall have conclusive authority to determine whether a system complies with the foregoing requirements.

(14) To the extent deemed appropriate by the Developer in its sole discretion, the requirements and restrictions set forth herein relative to the front of any Unit shall be deemed to apply to the rear of any Unit.

(15) Upon the sale or conveyance to individual purchasers, all Units in the Project shall be used only for single family residential purposes. Except as specifically set forth herein, no Structure shall be erected, altered, placed or permitted to remain on any Unit other than one (1) detached single family Residence, the height of which shall not exceed two and one-half (2-½) stories. The Developer shall have the sole and conclusive authority to determine what constitutes two and one-half (2-½) stories in height for purposes of the preceding sentence. Each Residence shall include an attached garage, and may include such outbuildings or accessory Structures as the Developer may approve in writing in its sole discretion. No part of any Residence or other Structure shall be used for any activity normally conducted as a business, trade or profession; provided, however, that this prohibition shall not apply to (a) maintaining a professional library in a dwelling; (b) keeping personal records, transacting personal business, or professional telephone calls or correspondence in a Residence.

(16) No Structure of a temporary nature or character shall be placed upon any Unit at any time; provided, however, that this prohibition shall not apply to shelters approved by the Developer and used by a contractor during the construction of Project improvements or a Residence, although no such temporary shelter shall be used at any time as a Residence or be permitted to remain on a Unit after substantial completion of construction.

(17) No mobile home, trailer, house or camping trailer, tent, shack, storage shed, barn, tree house or other similar Structure shall be placed on any Unit at any time, either temporarily or permanently.

(18) No trailers, trucks, pick-up trucks, boat trailers, aircraft, commercial vehicles, campers or other passenger cars, shall be parked or maintained on any Unit unless in a suitable private garage that is built in accordance with the restrictions set forth herein. No motorcycles, snowmobiles or vehicles designed primarily for off-road use shall be used, maintained or operated in the Project.

(19) Each Co-owner shall maintain his Unit and lawn, garden, landscaping, Residence or Structure thereon in a good and attractive condition so that such presents an excellent appearance. All lawn, driveway, landscaping or gardening maintenance activities, including, without limitation, lawn cutting, gardening, hedge trimming, edging, tree removal, tree trimming, snow removal or leaf pickup, shall be performed only by the Co-owners of Units within the Project, their immediate family members, or by a landscaping company or service contained on the Developer's approved list as determined by the Developer from time to time in its sole discretion. The Developer intends to approve only two (2) to five (5) such companies or services from which each Co-owner must select as his landscape maintenance service. Each Co-owner of a Unit shall prevent the development of any unclean, unsightly or unkempt conditions of buildings, Structures, Residence or grounds on such Unit that might negatively affect the beauty or attractiveness of the Condominium as a whole or with respect to the

specific area. Such obligation shall apply whether or not the Co-owner has constructed a Residence on the Unit. As soon as practical after purchasing a Unit, a Co-owner shall remove all dead or seriously diseased trees from the Unit. Each Co-owner shall promptly remove any trees that die or become seriously diseased thereafter. All Co-owners should be aware that Commerce Township may have ordinances that may require the Township's approval before any trees can be removed from the Unit. All Co-owners of Units located on a corner upon which a monument has been constructed by the Developer (which monument may contain a light and/or an identifying street sign) shall be responsible, at such Co-owner's expense, for maintaining and sprinkling all lawn and landscaped areas surrounding such monument, up to the dedicated right-of-way.

(20) The use of motorized machinery (such as lawn mowers) or other maintenance or construction activities which create noise that could disturb other Co-owners in the Project shall not be permitted on Sundays before eight o'clock (8:00) a.m. The watering of a lawn or garden by sprinkler system or typical garden hose, gardening or fertilizing shall not be deemed to be lawn maintenance activities for the purposes of this subparagraph.

(21) No animals or fowl (except household pets) shall be kept or maintained on any Unit and household pets shall be confined to the Unit. Pets causing a nuisance or destruction shall be restrained or removed from the Project. Excessive barking (as determined by the Developer during the Development and Sales Period and thereafter by the Board of Directors of the Association) shall constitute a nuisance per se. All pets that leave the limits of the boundary of the Unit where it resides must be on a leash at all times and the Co-owner is responsible for immediately removing all fecal material from the Common Elements or any other Unit.

(22) No noxious or offensive activity shall be conducted on any Unit, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the Condominium neighborhood. This restriction shall include, without limitation, the burning of trash, leaves or other debris on a Unit or Common Element. There shall not be maintained any animals, devices or things of any sort whose normal or customary activities or existence is in any way noxious, noisy, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the reasonable enjoyment of the property, Common Elements or Units in the Project. No laundry shall be hung outside for drying.

(23) The Developer reserves the right (on its own behalf and on behalf of its agents, employees and designees, and on behalf of the Association) to enter upon any Unit for the purpose of mowing, removing, clearing, cutting or pruning any underbrush, weeds or other unsightly or inappropriate growth which, in the sole discretion of Developer, detracts from the overall beauty, setting or safety of the Project. The Co-owner of the Unit shall be obligated to reimburse the Developer for the cost of any such activities. Such entrance or other action as aforesaid shall not be deemed a trespass. The Developer and its designees likewise may enter upon a Unit to remove any trash or debris that has collected or accumulated on such Unit at the Co-owner's expense, and without such entrance and removal being deemed a trespass. The provisions of this subparagraph shall not be construed as imposing any obligation on the Developer or the Association to mow, clear, cut or prune any Unit, or to provide garbage or trash removal services.

(24) No Unit shall be subdivided or its boundary lines changed, except with the written consent of the Developer (or the Architectural Committee, as the case may be), and in accordance with the provisions of Article XII of the Master Deed and Sections 48 and 49 of the Act.

(25) The grade of any Unit in the Project may not be changed from the grading plan prepared for the Project at the discretion of the Developer, and approved by Commerce Township, without the written consent of the Developer (or the Architectural Control Committee, as the case may be) and subject to the approval of Commerce Township; provided that this restriction shall not prevent subsequent amendment of the grading plan from time to time as conditions require and as approved by Commerce Township. If shall be the responsibility of each Co-owner to maintain the surface drainage grades of his Unit as established by the Developer, and each Co-owner covenants that he will not change the surface grade of his Unit in a manner that will materially increase or decrease the storm water flowing onto or off of the Unit and/or reduce the volume available for storm water runoff. The Board of Directors shall enforce this covenant and may enter upon any Unit in the Condominium to correct any violation of this covenant and charge the cost of correction to the Co-owner who has violated the covenant. Such cost shall be a lien upon the Co-owner's Unit.

(26) All exterior lighting, including lamps, posts, and fixtures for any Structure, Residence or garage must receive prior written approval from the Developer (or the Architectural Control Committee, as the case may be).

(27) The design, material, color and construction of all mailboxes and mailbox stands shall be standard throughout the Project as determined by the Developer (or the Architectural Control Committee, as the case may be) in its sole discretion. The Association shall not have any responsibility to maintain, repair and/or replace approved mailboxes and stands. Newspaper tubes shall not be allowed.

(28) Hot tubs may be installed if permitted by Commerce Township and the Developer (or the Architectural Control Committee, as the case may be), in the Developer's sole discretion. Any Co-owner intending to construct a hot tub must submit to the Developer a detailed description and proposed layout showing size, location, materials, shape, landscaping, fencing screening and the type of construction. The Developer shall have absolute discretion to approve or disapprove any proposal and may attach any conditions that it deems appropriate. Any approved hot tubs must be maintained by the Co-owners in a safe and clean condition and must also be maintained in appearance consistent with the standards of the Condominium.

(29) All public utilities such as water mains, sanitary sewers, storm sewers, gas mains, electric and telephone local distribution lines, cable television lines and all connections to same, either private or otherwise, shall be installed underground. However, above-ground transformers, pedestals and other above-ground electric and telephone utility installations and distribution systems, and surface and off-site drainage channels and facilities, as well as street lighting stanchions, shall be permitted.

(30) The Association or its duly authorized agents shall have access to the exterior of each Unit during reasonable working hours and, with five (5) days advance notice, as may be necessary for performance of the maintenance, repair and replacement responsibilities imposed upon the Association with respect to the Common Elements as described in Article IV of the Master Deed. The Association or its agents shall also have access to each Unit and any Common Elements at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements. It shall be the responsibility of each Co-owner to provide the Association with a means of access to his Unit, the improvements thereon and any appurtenant Limited Common Element during all periods of absence, and in the event of the failure of such Co-owner to provide such means of access, the

Association may gain access in such manner as may be reasonable under the circumstances. The Association shall not be liable to such Co-owner for any necessary damage to his Unit and any improvements thereon caused thereby.

(31) (a) A Co-owner may lease or sell his Unit for the same purposes set forth in Section 1 of this Article, provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subparagraph (b) below. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy any Unit except under a lease, the initial term of which is at least six (6) months, unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer and its assignees may lease any number of Units in the Condominium in its sole discretion.

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

(i) A Co-owner, including the Developer, desiring to rent or lease a Unit shall disclose the fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee 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 the Developer desires to rent Units before the Transitional Control Date, Developer shall notify either the Advisory Committee or each Co-owner in writing.

(ii) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements shall so state.

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

(A) The Association shall notify the Co-owner by certified mail, return receipt requested, advising of the alleged violation by the tenant.

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

(C) If, after fifteen (15) days, the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf, or derivatively by the Co-owners on behalf of the Association if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the General Common Elements caused by the Co-owner or tenant in connection with the Unit or the Condominium Project.

(D) 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.

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

(33) 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 rules and regulations, consistent with the Act, the Master Deed and these Bylaws, concerning the use of the Common Elements and such common amenities and areas as may be created as General Common Elements of the Condominium or placed under the control of the Association, 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). Copies of all such rules and regulations, and any amendments thereto, shall be furnished to all Co-owners and to all other parties who are entitled to use the amenity or area affected by said rules, regulations or amendments thereto.

(34) 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 Common Elements which are appurtenant to or that may affect any other Unit. A Co-owner is prohibited from using lawn fertilizers that have a significant phosphorous content. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by the Co-owner, 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 limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Each individual Co-owner shall indemnify the Association and all other Co-owners against such damages and costs, including attorneys' fees, and all such 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.

(35) The Developer hereby reserves the following rights:

(a) 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 Development and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer and/or its designated affiliate or designated builder(s) shall have the right to maintain a sales office, model units, advertising display signs, 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 by the Developer of all of the Units in the Condominium

Project.

(b) 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 obligations to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards as interpreted by the Developer, then the Developer, or any person to whom it may assign this right, at its option, may (but has no obligation to do so) 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. So long as the Developer (or its successors and assigns) owns any unsold Unit in the Project, the Developer shall have the right to enforce these Bylaws which right of enforcement shall include, without limitation, an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

(36) The Project contains certain areas that have been designated by Commerce Township as protected wetlands (the "Wetlands"). Private easements for Wetland preservation and Woodland preservation are shown on the Condominium Subdivision Plan. As required by Township ordinances, and in accordance with the conditions imposed upon the Project by the Township in connection with final site plan approval, the Wetlands are deemed to be within a Conservation Easement in which no disturbance will be permitted (including, without limitation, construction activities, dredging, filling, planting, and/or any other types of modification), without the prior approval of the Developer, the Township and, if required by law, the Michigan Department of Environmental Quality. Violation of this restriction may result in civil and criminal penalties.

(37) No Residences, improvements or Structures may be constructed or maintained over or on any easements; provided, however, that after the aforementioned utilities have been installed, such areas may be sodded. All other planting or improvements within a Unit of any type over or on said easements shall be allowed only upon prior written approval of the Board of Directors (and the Developer during the Development and Sales Period) and only so long as they do not interfere with, obstruct, hinder or impair the drainage plan of the Condominium Project, and so long as access is granted without charge or liability for damages for the maintenance of the utilities and underground drainage lines so installed, surface drainage and/or for the installation of additional facilities.

(38) All Residences shall be served by Municipal Sanitary Sewer, municipal water and a community storm retention system.

(39) Certain lands in the Project have been designated for surface water accumulation in connection with the proposed drainage easements (i.e., Detention Areas A, B, C and D) as shown on Exhibit B attached to the Master Deed. All such lands shall continue to be used in such a manner so as to facilitate the proper drainage of the Project and shall be subject to a perpetual and permanent easement in favor of the Association in, over, under and through the drainage easements as indicated on Exhibit B to the Master Deed, which easement(s) may not be amended or revoked except with the written approval of the Association and which contains the following terms and conditions and grants the following rights:

(a) The Easement shall be for the purpose of developing,

SECTION 7. ATTORNEY'S WRITTEN REPORT. During the course of any civil action authorized by the Co-owners pursuant to this Article VII, the retained attorney shall submit a written report ("attorney's written report") to the Board of Directors every thirty (30) days setting forth:

A. The attorney's fees, the fees of any experts retained by the attorney and/or the Association and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the attorney's written report ("reporting period").

B. All actions taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period.

C. A detailed description of all discussions with opposing counsel during the reporting period, written or oral, including, but not limited to, settlement discussions.

D. The costs incurred in the civil action through the date of the written report as compared to the attorney's estimated total cost of the civil action.

E. Whether the originally estimated total cost of the civil action remains accurate.

SECTION 8. BOARD MEETINGS. The Board of Directors shall meet monthly during the course of any civil action to discuss and review:

A. the status of the litigation;

B. the status of settlement efforts, if any; and

C. the attorney's written report.

SECTION 9. CHANGES IN THE LITIGATION SPECIAL ASSESSMENT. If, at any time during the course of a civil action, the Board of Directors determines that the originally estimated total cost of the civil action or any revision thereof is inaccurate, the Board of Directors shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the Co-owners, the Board of Directors shall call a special meeting of the Co-owners to review the status of the litigation and to allow the Co-owners to vote on whether or not to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting.

SECTION 10. DISCLOSURE OF LITIGATION EXPENSES. The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("litigation expenses") shall be fully disclosed to Co-owners in the Association's annual budget. The litigation expenses for each civil action filed by the Association shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget.

ARTICLE VIII

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 "Mortgagees of Units." The Association shall report any unpaid assessments due from the Co-owner of such Unit to the holder of any first mortgage covering such Unit and Co-owners shall be deemed to specifically authorize said action pursuant to these Bylaws. The Association shall give to the holder of any first mortgage covering any Unit in the Condominium written notification of any other default in the performance of the obligations of the Co-owner of such Unit that is not cured within sixty (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, vandalism and malicious mischief endorsements, liability insurance 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 IX

VOTING

SECTION 1. VOTE. Except as limited in these Bylaws, each Co-owner shall be entitled to one (1) vote for each Condominium Unit owned when voting by number and one (1) vote, the value of which shall equal the total of the percentages allocated to the Units owned by such Co-owner as set forth in Article VI 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 number and in value.

SECTION 2. ELIGIBILITY TO VOTE. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until such Co-owner has presented a deed or other evidence of ownership of a Unit in the Condominium to the Association. No Co-owner, other than the Developer, shall be entitled to vote prior to the First Annual Meeting of members held in accordance with Article X Section 2 herein, except as specifically provided in Article X Section 2 herein. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required under Section 3 of this Article 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 that 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, sign petitions and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name, address and telephone number of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name, address and telephone number of each person, firm, corporation, limited liability partnership, limited liability company, 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, but shall not be permitted to serve as an officer or Director of the Association.

SECTION 4. QUORUM. The presence in person or by proxy of thirty-five (35%) percent in number and in value of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically provided herein to require a greater quorum or where voting in person is required by the Bylaws. The written absentee ballot 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 ballot is cast except where prohibited herein.

SECTION 5. VOTING. Votes may be cast in person or by proxy or by a written absentee ballot duly signed by the designated voting representative not present at a given meeting in person or by proxy, except as otherwise provided herein. Proxies and any absentee ballot must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

SECTION 6. MAJORITY. A majority, except where otherwise provided herein, shall consist of more than fifty (50%) percent in value of those qualified to vote and present in person or by proxy (or absentee ballot, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, the requisite affirmative vote may be required to exceed the simple majority hereinabove set forth and may require a designated percentage in both number and value of all Co-owners and may require that votes be cast in person.

ARTICLE X

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 other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

SECTION 2. FIRST ANNUAL MEETING. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than fifty (50%) percent in number of the Units that may be created in The Hills of Bogie Lake have been conveyed and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of seventy-five (75%) percent in number of all Units that may be created or

fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Condominium, whichever first occurs. The Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-owner. The phrase "Units that may be created" as used in this Section and elsewhere in the Condominium Documents refers to the maximum number of Units that the Developer is permitted under the Condominium Documents to include in the Condominium.

SECTION 3. ANNUAL MEETINGS. Annual meetings of members of the Association shall be held in the month of October each succeeding year after the year in which the First Annual Meeting is held, on such date and at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XII 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. The President shall also call a special meeting upon a petition signed by one-third (1/3) of the Co-owners in number presented to the Secretary of the Association, but only after the First Annual Meeting has been held or at the request of the Developer. A Co-owner must be eligible to vote at a meeting of members to validly sign a petition. 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 notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Co-owner of record at least ten (10) days, but not more than sixty (60) days, prior to such meeting, except for the litigation evaluation meeting which notice requirements are prescribed in Article VII Section 2 herein. 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 pursuant to Article IX, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

SECTION 6. ADJOURNMENT. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called to attempt to obtain a quorum.

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 the purpose of election of directors or officers); (g) election of Directors (at annual meetings or special meetings held for such a purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

SECTION 8. ACTION WITHOUT MEETING. Any action that may be taken at a meeting of the members of the Association (except for the election or removal of directors) may be taken without a meeting, with or without prior notice, by written consent of the members, except for litigation evaluation meetings referenced in Article VII herein. Written consents may be solicited in the same manner as provided in Section 4 of this Article for the giving of notice of meetings of members. Such solicitation may specify the percentage of consents necessary to approve the action and the time by which consents must be received in order to be counted. The form of written consent shall afford an opportunity to consent (in writing) as to each matter and shall provide that where the member specifies his consent, the vote shall be cast in accordance therewith. Approval by written consent shall be constituted by receipt within the time period specified in the solicitation of a number of written consents that equals or exceeds the minimum number of votes that would be required for approval if the action were taken at a meeting at which all members entitled to vote were present and voted.

SECTION 9. CONSENT OF ABSENTEES. The transactions of any meeting of members, either annual or special, except the litigation evaluation meeting discussed in Article VII herein, 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, by proxy or by absentee ballot; and, if either before or after the meeting each of the members not present in person, by proxy or absentee ballot, signs a written waiver of notice, 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 of the Association or made a part of the minutes of the meeting of members.

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 XI

ADVISORY COMMITTEE

Within one (1) year after the conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser, or within one hundred twenty (120) days after conveyance to purchasers of one-third (1/3) of the Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if more than fifty (50%) percent in number 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 Co-owners, and to aid in the transition of control of the Association from the Developer to the Co-owners. A chairman for the Committee shall be elected by the members. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the 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 XII

BOARD OF DIRECTORS

SECTION 1. QUALIFICATION OF DIRECTORS. The affairs of the Association shall be governed by a Board of Directors, all of whom must be members in good standing of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors and any successors thereto appointed by the Developer. Directors shall serve without compensation.

SECTION 2. ELECTION OF DIRECTORS.

A. First Board of Directors. The first Board of Directors shall be comprised of one (1) person and such first Board of Directors, or its successors as elected 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-owner to the Board, the Board shall be increased in size to five (5) persons. Thereafter, elections for non-developer Co-owner directors shall be held as provided in subsections B and C of this Article. The directors shall hold office until their successors are elected and hold their first meeting.

B. Appointment of Non-Developer Co-owners to Board of Directors Prior to the First Annual Meeting. Not later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of twenty-five (25%) percent in number of the Units that may be created, one (1) of the five (5) directors shall be elected by non-developer Co-owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of fifty (50%) percent in number of the Units that may be created, two (2) of the five (5) directors shall be elected by non-developer Co-owners. When the required number of conveyances has 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 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 removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

C. Election of Directors at and after the First Annual Meeting.

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

(2) Regardless of the percentage of Units which have been conveyed, upon the expiration of fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Condominium, the non-developer Co-owners shall have the right to elect a number of members to the Board of Directors equal to the percentage of Units they own, and the

Developer has the right to elect a number of members to the Board of Directors equal to the percentage of Units that 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 subparagraph (1) above. Application of this subsection does not require a change in the size of the Board of Directors.

(3) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subparagraph (2) above, or if the product of the number of the members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection (B) results in a right of non-developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one (1) director as provided in subparagraph (1) above.

(4) Except as provided in subsection 2(C)(2) above, at the First Annual Meeting, three (3) directors shall be elected for a term of two (2) years and two (2) directors shall be elected for a term of one (1) year. At such meeting, all nominees shall stand for election as one slate and the three (3) persons receiving the highest number of votes shall be elected for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either two (2) or three (3) directors shall be elected, depending upon the number of directors whose terms expire. After the First Annual Meeting, the term of office (except for two (2) directors elected at the First Annual Meeting) of each director shall be two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting.

(5) Once the Co-owners have acquired the right hereunder to elect a majority of the directors, annual meetings of Co-owners to elect directors and conduct other business shall be held in accordance with the provisions of Article X, Section 3 herein.

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 that 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 and the Common Elements thereof.

B. To levy and collect assessments against and from the Co-owners and to use the proceeds thereof for the purposes of the Association.

C. To carry insurance and to collect and to 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.

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 grant easements, rights-of-entry, rights-of-way and licenses to, through and over, and with respect to Association property and/or the Common Elements of the Condominium on behalf of the members of the Association in furtherance of any of the purposes of the Association, and to dedicate to the public any portion of the Common Elements of the Condominium; provided, however, that, subject to the provisions of the Master Deed, any such action shall also be approved by affirmative vote of more than sixty (60%) percent in number and in value of all Co-owners. The aforesaid sixty (60%) percent approval requirement shall not apply to subsection H below.

H. To grant such easements, licenses and other rights-of-entry, use and access, and to enter into any contract or agreement, including wiring agreements, utility 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 fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, antenna, multichannel multi-point distribution service and similar services (collectively "Telecommunications") to the Condominium 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 that would violate any provision of any federal, state or local law or ordinance. Any and all sums paid by any telecommunications company or any 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 within the meaning of the Act, except that same shall be paid over to and shall be the property of the Developer during the Development and Sales Period and, thereafter, the Association.

I. To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the Association and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of more than sixty (60%) percent of all of Co-owners, unless same is a letter of credit and/or appeal bond for litigation.

J. To make and enforce reasonable rules and regulations in accordance with Article VI Section 2B(33) of these Bylaws and such other applicable provisions, and to make and enforce resolutions and policies in furtherance of any or all of the purposes of the Association or of the Condominium Documents.

K. 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 that are not by law or by the Condominium Documents required to be performed by the Board.

L. To make rules and regulations and/or to enter into agreements with institutional lenders for the purposes of which are to obtain mortgage financing for Co-owners that is acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and/or any other agency of the Federal government or the State of Michigan, or to satisfy the requirements of the United States Department of Housing and Urban Development.

M. To enforce the provisions of the Condominium Documents.

SECTION 5. MANAGEMENT AGENT. The Board of Directors shall employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto, but which shall not be a Co-owner or resident or any person or entity affiliated with a Co-owner or resident) at a reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers that are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon ninety (90) days written notice thereof to the other party, and no such contract shall violate the provisions of Section 55 of the Act. During the Development and Sales Period, any decision by the Board to self-manage the Project shall be subject to the Developer's approval.

SECTION 6. VACANCIES. Vacancies in the Board of Directors that 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 under these Bylaws to designate. Vacancies among non-developer Co-owner-elected directors that 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 subsection 2C of this Article.

SECTION 7. REMOVAL. Except for directors appointed by the Developer, at any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one (1) or more of the directors may be removed with or without cause by the affirmative vote of more than fifty (50%) percent in number and in value of all of the Co-owners eligible to vote, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the directors appointed by it at any time or from time to time in its sole discretion. Any director elected by the non-developer Co-owners to serve before the First Annual Meeting of members may be removed before the First Annual Meeting by the non-developer Co-owners in the same manner set forth in this Section above for removal of directors generally.

SECTION 8. FIRST MEETING. The first meeting of the newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Board of 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 Board of Directors, but at least two (2) 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 five (5) 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 upon three (3) days' notice to each director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) directors.

SECTION 11. WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 12. QUORUM. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors 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 is less than a quorum present, the majority of the directors may adjourn the meeting to a subsequent time upon twenty-four (24) hours' prior written notice delivered to all directors not present. At any such adjourned meeting, any business that 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. CLOSING OF BOARD OF DIRECTORS' MEETINGS TO MEMBERS; PRIVILEGED MINUTES. The Board of Directors, in its discretion, may close a portion or all of any meeting of the Board of Directors to the members of the Association or may permit members of the Association to attend a portion or all of any meeting of the Board of Directors. All members of the Association shall have the right to inspect and make copies of the minutes of the meetings of the Board of Directors, provided, however, that no member of the Association shall be entitled to review or copy any minutes of meetings of the Board of Directors to the extent that said minutes reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, common law, the Michigan Rules of Evidence or the Michigan Court Rules.

SECTION 14. ACTION BY WRITTEN CONSENT. Any action permitted to be taken by the Board of Directors at a meeting of the Board shall be valid if consented to in writing by the requisite majority of the Board of Directors.

SECTION 15. ACTIONS OF FIRST BOARD OF DIRECTORS BINDING. All of the actions (including, without limitation, the adoption of these Bylaws and any rules and regulations, policies or resolutions by the Association) of the First Board of Directors, or any successors thereto appointed by the Developer before the First Annual Meeting of members, shall be binding upon the

Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association at the First Annual Meeting of members or at any subsequent annual meeting of members, provided that such actions are within the scope of the powers and duties that may be exercised by any Board of Directors as provided in the Condominium Documents.

SECTION 16. 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 XIII

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, Secretary and a Treasurer. Both the President and the Vice-President must be members of the Association; other officers may, but need not be, members of the Association. Any such members serving as officers shall be in good standing with the Association. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two (2) offices except that of President and Vice-President may be held by one (1) person. Officers shall be compensated only upon the affirmative vote of more than sixty (60%) percent in number and in value of all Co-owners.

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. PRESIDENT. The President shall be the chief executive officer of the Association. The President shall preside and may vote at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties that 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 the President may in the President's discretion deem appropriate to assist in the conduct of the affairs of the Association.

SECTION 5. VICE-PRESIDENT. The Vice-President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon the Vice-President by the Board of Directors.

SECTION 6. 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. The Secretary shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct. The Secretary shall, in general, perform all duties incident to the office of the Secretary.

SECTION 7. 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. The Treasurer 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 8. 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 XIV

SEAL

The Association may (but need not) have a seal. If the Board of Directors 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 XV

FINANCE

SECTION 1. RECORDS. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. The non-privileged Association books, records and contracts concerning the administration and operation of the Condominium shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours, subject to such reasonable inspection procedures as may be established by the Board of Directors from time to time. 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 ninety (90) days following the end of the Association's fiscal year upon request therefore. The cost 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. Absent such determination by the Board of Directors, the fiscal year of the Association shall be the calendar year. The commencement date of the fiscal year shall be subject to change by the directors for accounting reasons or other good cause.

SECTION 3. DEPOSITORIES. The funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Board of 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 banks or savings associations as are insured by the Federal Deposit Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government or in such other depositories as may be adequately insured in the discretion of the Board of Directors.

SECTION 4. CO-OWNER ACCESS TO BOOKS AND RECORDS; PROCEDURES. Each Co-owner has the right to review the books and records of the Association. The following procedures are to be followed regarding such requests:

A. In order to review the books and records, the requesting Co-owner must submit a request in writing to the Board of Directors in care of the management agent (or if there is no management agent to the Secretary of the Association).

(1) The request must state which books and records the Co-owner seeks to review.

(2) The request must state whether the Co-owner will require copies of the records that are requested.

(3) The request must have the name, address and telephone number of the requesting party.

B. Upon receipt of the request from a Co-owner to review the records, the management agent (or Secretary of the Association if there is no management agent) will advise the Board of Directors of the Association of the request. The management agent (or Secretary if there is no management agent) will then inform the Co-owner of a convenient time, place and date where the requested records may be reviewed. The Co-owner shall be advised of the time place and date within five (5) working days of the receipt of the Co-owner's initial request. The Co-owner shall be advised at that time of the following:

(1) The Co-owner will be responsible for payment of the actual costs of all reproductions or copies of the requested documents. The Co-owner shall be informed of the per-page copying cost before copies are made.

(2) The Co-owner shall be responsible for payment for time spent by the management agent personnel at the rate set by the management contract.

(3) Each Co-owner may make only one (1) such request per calendar quarter.

(4) These procedures shall also apply to requests for copies of books and records made by mortgagees of Units.

ARTICLE XVI

INDEMNIFICATION OF OFFICERS AND DIRECTORS; DIRECTORS' AND OFFICERS' INSURANCE

SECTION 1. INDEMNIFICATION OF OFFICERS AND DIRECTORS. No volunteer director or officer, as that term is defined in Act 162, Public Acts of 1982, as amended ("Act 162"), shall be personally liable to the Association or its members for monetary damages for breach of fiduciary duty as a director or officer, provided that the foregoing shall not eliminate the liability of a director or officer for any of the following: (i) breach of the director's or officer's duty of loyalty to the Association 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 Act 162; (iv) a transaction from which the director or officer derived an improper personal benefit; or (v) an act or omission that is grossly negligent. If Act 162 is hereafter amended to authorize the further elimination or limitation of the liability of directors or officers, then the liability of a director or officer of the Association, in addition to the limitation on personal liability contained herein, shall be limited to the fullest extent permitted by the amended Act 162. No amendment or repeal of this Article XVI shall apply to or have any affect on the liability of any director or officer of the Association for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

As provided under MCL 450.2209, and 1996 Public Act 397, the Association will assume liability for all acts or omissions of a volunteer director, volunteer officer or other volunteer that occurred after the date of the filing of the Articles of Incorporation of The Hills of Bogie Lake Association if all of the following conditions are met: (i) the volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority; (ii) the volunteer was acting in good faith, (iii) the volunteer's conduct did not amount to gross negligence or willful and wanton misconduct; (iv) the volunteer's conduct was not an intentional tort; and (v) the volunteer's conduct was not a tort arising out of the ownership, maintenance or use of a motor vehicle for which tort liability may be imposed as provided in Section 3135 of the Insurance Code of 1956, 1956 Public Act 218, being MCL 500.3135.

Every director and officer of the Association (including the first Board of Directors and any other directors and/or officers of the Association appointed by the Developer) shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable attorney fees and amounts paid in settlement, incurred by or imposed upon him or her in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, including actions by or in the right of the Association, to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a director or officer of the Association, whether or not he or she is a director or officer at the time such expenses are incurred except as otherwise prohibited by law; provided, that in the event of any claim for reimbursement or indemnification hereunder based, upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Association (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification that it has approved, the Association shall notify all Co-owners thereof.

SECTION 2. DIRECTORS' AND OFFICERS' INSURANCE. The Association shall provide liability insurance for every director and every officer of the Association for the same purposes provided above in Section 1 and in such amounts as may reasonably insure against potential liability arising out of the performance of their respective duties. With the prior written consent of the Association, a director or an officer of the Association may waive any liability insurance for such director's or officer's personal benefit, or other applicable statutory indemnification. No director or officer shall collect for the same expense or liability under Section 1 above and under this Section 2; however, to the extent that the liability insurance provided herein to a director or officer was not waived by such director or officer and is inadequate to pay any expenses or liabilities otherwise properly indemnifiable under the terms hereof, a director or officer shall be reimbursed or indemnified only for such excess amounts under Section 1 above or other applicable statutory indemnification.

ARTICLE XVII

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 by one-third (1/3) or more of the Co-owners in number by instrument in writing signed by them.

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

SECTION 3. VOTING. These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than sixty-seven (67%) percent in number and in value of all Co-owners. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees. During the Development and Sales Period, these Bylaws may not be amended in any manner so as to materially affect and/or impair the rights of the Developer unless said amendment has received the prior written consent of the Developer.

SECTION 4. BY DEVELOPER. Prior to the Transactional 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 rights of a Co-owner or a mortgagee, 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 of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and/or any other agency of the Federal government or the State of Michigan.

SECTION 5. WHEN EFFECTIVE. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Oakland County Register of Deeds.

SECTION 6. BINDING. A copy of each amendment to these 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 Condominium, irrespective of whether such persons actually received a copy of the amendment.

SECTION 7. COMPLIANCE/ORDINANCE. No amendment to these Bylaws shall conflict with Commerce Township ordinances or the conditions for approval for The Hills of Bogie Lake.

ARTICLE XVIII

COMPLIANCE

The Association of Co-owners and all present or future Co-owners, tenants, land contract purchasers, or any other persons acquiring an interest in or using the facilities of the Condominium in any manner are subject to and shall comply with the Act as amended, and with the Condominium Documents, 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. In the event any provision of these Bylaws conflicts with any provision of the Master Deed, the provisions of the Master Deed shall govern.

ARTICLE XIX

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 XX

REMEDIES FOR DEFAULT

SECTION 1. RELIEF AVAILABLE. Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

A. **Legal Action.** Failure to comply with any of the terms and provisions of the Condominium Documents or the Act, including any of the rules and regulations promulgated by the Board of Directors of the Association hereunder, 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 a 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.

B. **Recovery of Costs.** In the event of a default of the Condominium Documents by a Co-owner, non-owner occupant, tenant, lessee and/or guest, the Association shall be entitled to recover from the Co-owner, non-owner occupant, tenant, lessee and/or guest the pre-litigation costs and attorney's fees incurred in obtaining their compliance with the Condominium Documents. In any proceeding arising because of an alleged default by any Co-owner, non-owner occupant, tenant, lessee and/or guest, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees, (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-owner be entitled to recover such attorney fees. The Association, if successful, shall be entitled to

which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer, or its successors and/or 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 that shall not be terminable in any manner hereunder and that shall be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XXII

ASSESSMENT OF FINES

SECTION 1. GENERAL. The violation by any Co-owner, non-owner occupant, tenant, lessee 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, non-owner occupants, 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 of Directors, the following procedures will be followed:

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

B. **Opportunity to Defend**. The offending Co-owner shall have an opportunity to appear before the Board of Directors and offer 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 ten (10) days from the date of the notice.

C. **Default**. Failure to respond to the notice of violation constitutes a default by the Co-owner.

D. **Hearing and Decision**. Upon appearance by the Co-owner before the Board of Directors 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 of Directors as recited above, the following fines shall be levied:

A. **First Violation**. No fine shall be levied.

B. **Second Violation**. Fifty ($50.00) Dollar fine.

C. **Third Violation**. One Hundred ($100.00) Dollar fine.

D. **Fourth Violation and Subsequent Violations**. One Hundred Fifty ($150.00) Dollar 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 installment, or the first of the next following month, whichever occurs first. Failure to pay the fine(s) will subject the Co-owner to all liabilities set forth in the Condominium Documents, including, without limitations, those described in Article II and Article XX of these Bylaws.

ARTICLE XXIII

SEVERABILITY/CONSTRUCTION

SECTION 1. 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 terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

SECTION 2. RULES OF CONSTRUCTION.

A. In the event of a conflict between the Act, the Master Deed, Articles of Incorporation, Bylaws and any Rules and Regulations, the Act shall control.

B. In the event of a conflict between the Master Deed, the Bylaws, Articles of Incorporation or any Rules and Regulations, the Master Deed shall control.

C. In the event of a conflict between the Articles of Incorporation, the Bylaws or any Rules and Regulations, the Bylaws shall control.

D. In the event of a conflict between the Bylaws and any Rules and Regulations, the Bylaws shall control.

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recoup the costs and attorney's fees incurred in defending any claim, counterclaim or other matter from the Co-owner asserting the claim, counterclaim or other matter.

C. **Removal and Abatement.** The violation of any of the provisions of the Condominium Documents, including the rules and regulations promulgated by the Board of Directors of the Association hereunder, shall also give the Association, or its duly authorized agents, the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate at the expense of the Co-owner in violation any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents; provided, however, that judicial proceedings shall be instituted before items of construction are altered or demolished pursuant to this subsection. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

D. **Assessment of Fines.** The violation of any of the provisions of the Condominium Documents, including any of the rules and regulations promulgated by the Board of Directors of the Association hereunder, by any Co-owner, tenant or non-owner occupant of his Unit, in addition to the rights set forth above, shall be grounds for assessment by the Association of a monetary fine for such violation against said Co-owner. All fines duly assessed may be collected in the same manner as provided in Article II of these Bylaws.

SECTION 2. NONWAIVER 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 3. 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 (1) 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 4. ENFORCEMENT OF PROVISIONS OF CONDOMINIUM DOCUMENTS. A Co-owner may maintain an action against the Association and its officers and directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for non-compliance with the terms and provisions of the Condominium Documents or the Act.

ARTICLE 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 the Developer to any other entity or entities or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in

which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer, or its successors and/or 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 that shall not be terminable in any manner hereunder and that shall be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XXII

ASSESSMENT OF FINES

SECTION 1. **GENERAL**. The violation by any Co-owner, non-owner occupant, tenant, lessee 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, non-owner occupants, 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 of Directors, the following procedures will be followed:

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

B. **Opportunity to Defend**. The offending Co-owner shall have an opportunity to appear before the Board of Directors and offer 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 ten (10) days from the date of the notice.

C. **Default**. Failure to respond to the notice of violation constitutes a default by the Co-owner.

D. **Hearing and Decision**. Upon appearance by the Co-owner before the Board of Directors 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